



How the west lost the green tech race to China
BIG READ, PAGE 19

Europe must think the unthinkable on Nato
GIDEON RACHMAN, PAGE 21

Former Fed chiefs attack ‘emerging market-style’ investigation of Powell

◆ Economists and advisers join rebuke ◆ Fears for policy independence ◆ Trump denies knowing of probe

MYLES MCCORMICK — WASHINGTON
CLAIRE JONES — LONDON

All living former Federal Reserve chiefs rallied together yesterday and hit back at the Department of Justice’s criminal investigation into central bank head Jay Powell, accusing the Trump administration of running the US like an emerging market.

Ex-Fed chairs including Janet Yellen, Ben Bernanke and Alan Greenspan signed a statement blasting what they called an “unprecedented attempt” to undermine Fed independence.

The group, which included top economic advisers from both Republican and Democratic administrations, wrote: “This is how monetary policy is made in emerging markets with weak institutions, with highly negative consequences for inflation.”

They added: “It has no place in the United States, whose greatest strength is the rule of law, which is at the foundation of our economic success.”

The stark rebuke came after it emerged late on Sunday that prosecutors had opened a criminal probe into Powell over a \$2.5bn renovation of the Fed’s headquarters in Washington.

Powell called out the DoJ probe as a pretext to attack him over interest rates, which Donald Trump has repeatedly pressed the central bank to slash.

“The threat of criminal charges is a consequence of the Federal Reserve setting interest rates based on our best assessment of what will serve the public, rather than following the preferences of the president,” the incumbent Fed chair said in a video statement.

The Fed has cut rates at each of its past three meetings, leaving them at a three-year low of 3.5 to 3.75 per cent. But the reduction has not been fast enough for Trump, who has said borrowing costs should be as low as 1 per cent and has labelled Powell a “moron” and a “numbskull” whom he would “love” to fire.

Republican lawmakers joined in criticism over the DoJ probe, which could lead to criminal charges for Powell. North Carolina’s Republican senator Thom Tillis, who sits on the powerful banking committee, threatened to hold



up Fed nominations, accusing the president’s advisers of “actively pushing to end the independence” of the Fed.

In yesterday’s letter, 13 of the most prominent US economists wrote that the Fed’s “independence and the public’s perception of that independence are critical for economic performance”.

As well as the ex-Fed chairs, the letter was signed by former Treasury secretaries Timothy Geithner, Jacob Lew, Robert Rubin and Hank Paulson.

Trump, who has denied knowledge of the DoJ probe, is set to announce a replacement for Powell, whose term ends in May, in the coming weeks.

Kevin Hassett, head of the National Economic Council who is seen as a front-runner to succeed Powell, said he supported the probe. “The justice department has decided that they want to see what’s going on over there with this building that’s massively more expensive than any building in the history of Washington,” he said. “And if I were Fed chair, I would want them to do that.”

Powell said he would not quit over the investigation. “Public service sometimes requires standing firm in the face of threats,” he said. “I will continue to do the job the Senate confirmed me to do, with integrity and a commitment to serving the American people.”

Gold and silver broke records as investors sought havens. Gold rose as much as 2.7 per cent to more than \$4,600, while silver jumped 7.8 per cent to above \$86. The dollar fell 0.3 per cent against a basket of major currencies.

“The risk is that the gloves are off” between Trump and the Fed, said Kevin Thozet of asset manager Carmignac.

Impetus for probe page 4
FT View page 20

Jay Powell refuses to step down, saying ‘public service sometimes requires standing firm in the face of threats’

Kevin Liananque/Reuters



Katie Martin
Page 21

The next Fed chair will, in everything but name, be Donald Trump, with all the adventures in rate policy and regulation that entails. Good luck to us all

Zahawi conquers fears of Farage to join Reform as highest value Tory defector

ANNA GROSS, MARI NOVIK
AND JIM PICKARD

Former chancellor Nadhim Zahawi has joined Reform UK, the biggest Conservative name to defect to Nigel Farage’s populist party as it continues to lead opinion polls.

Zahawi, who briefly led the Treasury in 2022 and was sacked as Tory chair the following year over his tax affairs, claimed Britain was “sick” as he unveiled his defection at a press conference in London yesterday.

“You know in your heart of hearts that our wonderful country is sick,” said Zahawi, who in 2023 paid a penalty to HM Revenue & Customs as part of a settlement of £5mn for unpaid taxes.

Several Tory figures have defected to Reform in recent months, including MP Danny Kruger, deepening unease

within Conservative ranks at the prospect of being replaced as Britain’s main rightwing party.

Farage said Reform’s weakness was its lack of frontline experience, adding: “I’ve always been very honest about that. People like Nadhim, they’ve been on the inside and know how government works, or how it does not work.”

Zahawi was chancellor towards the end of Boris Johnson’s premiership in 2022, replacing Rishi Sunak. Less than 48 hours after being appointed, Zahawi called on Johnson to resign, which he agreed to do shortly afterwards.

Zahawi has also held roles as education secretary, a Cabinet Office minister and vaccines minister in the pandemic.

He made his fortune as founder of the pollster YouGov before becoming Tory MP for Stratford-upon-Avon in 2010. He stood down in 2024. He is one of the

richest UK political figures, with a property empire then valued at £65mn.

Surak sacked Zahawi as Tory party chair in 2023 after revelations that he failed to pay full taxes on money made from YouGov. Zahawi said the issue was a “careless and not deliberate error”.

Announcing his defection, he said: “We can all see that our beautiful, ancient, kind, magical island story has reached a dark and dangerous chapter.” In 2014, Zahawi wrote on Twitter: “Been a Conservative all my life and will die a Conservative.”

The Tory party said: “Reform is fast becoming the party of has-been politicians looking for their next gravy train. Their latest recruit used to say he’d be ‘frightened to live in a country’ run by Nigel Farage, which shows the level of loyalty for sale.”

Tories’ OBR defence page 3

World Markets

STOCK MARKETS

	Jan 12	Prev	%chg
S&P 500	6972.02	6966.28	0.08
Nasdaq Composite	23721.33	23671.35	0.21
Dow Jones Ind	49454.56	49504.07	-0.10
Euro Stoxx 50	6016.30	5997.47	0.31
FTSEurofirst 300	2436.95	2430.77	0.25
FTSE 100	10140.70	10124.60	0.16
FTSE All-Share	5465.32	5457.79	0.14
CAC 40	8358.76	8332.09	-0.04
Xetra Dax	25405.34	25251.64	0.57
Nikkei	25405.34	25251.64	0.57
Hang Seng	26608.48	26231.79	1.44
MSCI World	4510.00	4491.50	0.64
MSCI EM	1481.00	1452.90	0.56
MSCI ACWI	1033.20	1026.90	0.61
FT Wilshire 2500	7073.07	7014.11	0.84
FT Wilshire 5000	69678.11	69650.95	0.04

CURRENCIES

Pair	Jan 12	Prev	Pair	Jan 12	Prev
\$/£	1.168	1.167	€/£	0.856	0.857
\$/¥	1.348	1.344	€/¥	0.742	0.744
\$/₹	0.667	0.669	€/₹	1.153	1.151
¥/₹	157.555	158.020	¥/€	184.523	184.417
¥/£	212.852	212.339	£/Index	84.833	84.83
Sfr/£	0.530	0.531	Sfr/€	1.073	1.072

CRYPTO

	Jan 12	Prev	%chg
Bitcoin	92062.07	91566.01	0.54
Ethereum	3127.64	3131.13	-0.11

COMMODITIES

	Jan 12	Prev	%chg
Oil WTI	58.83	59.25	-0.71
Oil Brent \$	63.45	63.77	-0.44
Gold \$	4616.75	4508.41	2.40

GOVERNMENT BONDS

Yield (%)	Jan 12	Prev	Chg
US 2 Yr	3.55	3.52	0.02
US 10 Yr	4.18	4.17	0.01
US 30 Yr	4.83	4.83	0.01
UK 2 Yr	3.05	3.04	0.01
UK 10 Yr	4.46	4.47	-0.01
UK 30 Yr	5.11	5.12	-0.01
JPN 2 Yr	1.15	1.15	0.00
JPN 10 Yr	2.11	2.11	0.00
JPN 30 Yr	3.42	3.42	0.01
GER 2 Yr	2.09	2.10	-0.01
GER 10 Yr	2.84	2.86	-0.02
GER 30 Yr	3.44	3.46	-0.02

Prices are latest for edition
Data provided by ICE, www.ice.com



Fall in net migration poses political and social puzzles

Net migration peaked at almost 1mn in 2023 and has now fallen to pre-Brexit levels. With tougher visa rules and new restrictions on settlement still to take effect, some analysts suggest the rate might dip below zero in the short term. That outcome would have an impact on politics, shifting the ground under the prevailing debate, but it would also have consequences for the exchequer, with a fall of 100,000 in net migration likely to cut revenues by £7bn a year.

Change in make-up page 3

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THE WESTERN BALKANS ARE ALIGNING WITH EUROPE FAST.

Criminal offence

Non-consensual image ban after Grok outcry

Legal change comes as Ofcom investigates Musk chatbot over deepfakes

DANIEL THOMAS AND MARI NOVIK

Creating non-consensual intimate images will this week be made a criminal offence, after Ofcom threatened X’s AI chatbot Grok with a ban or multimillion-pound fine over sexualised deepfakes on Elon Musk’s platform.

Technology secretary Liz Kendall told the House of Commons that the new law would ban the creation or supply of tools designed to make “vile” non-consensual sexual material.

“I will make it a priority offence in the

Online Safety Act,” Kendall said yesterday. “Individuals are committing a criminal offence if they create or seek to create such content, including on X. And anyone who does this should expect to face the full extent of the law.”

Kendall also said the government would use the crime and policing bill, which is going through parliament, to criminalise nudification apps.

The pledge came after Ofcom, the media regulator, opened a formal investigation into Grok and raised concerns that the AI chatbot was being used for potential “intimate image abuse” and “child sex abuse material”.

Ofcom said: “Reports of Grok being used to create and share illegal non-consensual intimate images and child sex-

ual abuse material on X have been deeply disturbing.

“Platforms must protect people in the UK from content that’s illegal in the UK, and we won’t hesitate to investigate where we suspect companies are failing in their duties, especially where there’s a risk of harm to children.”

X did not respond to a request for comment. It previously said that it took “action against illegal content”, adding: “Anyone using or prompting Grok to make illegal content will suffer the same consequences as if they upload illegal content.”

The regulator last week launched a fast-track review into X after Grok was used to generate thousands of sexualised images of women wearing lingerie

and bikinis without their consent, as well as extreme images of teenage girls and children.

Under the Online Safety Act, which is being enforced in stages, Ofcom said it could apply to the courts to block Musk’s platform, or fine the group the higher of £18mn or up to a tenth of its global revenues, if it finds that X has not done enough to prevent illegal content from being seen, or had allowed over-18 material to be seen by children.

Ministers have said the government will support Ofcom’s decision. Asked if she thought the regulator had the resources it needed to take on “tech titans”, Kendall said: “This is a real test case and people want to see action. Ofcom needs to get people’s trust.”

The move to launch a formal investigation is the next step in Ofcom’s regulatory process to gather evidence to make a case against X, but will disappoint some who had wanted more drastic action or the use of emergency powers.

The move is likely to spark an angry response from Musk, X’s owner, who has already accused the government of trying to suppress free speech, as well as from US President Donald Trump’s administration.

Sarah Rogers, the US under-secretary for public diplomacy, at the weekend accused the UK of “contemplating a Russia-style X ban”.

The government is also under pressure to remove official communications from the platform.

NHS information

Moderna job executive to lead health data service

LAURA HUGHES
PUBLIC POLICY CORRESPONDENT

A senior pharmaceutical industry executive who oversaw development of Moderna’s Covid-19 vaccine has been selected to lead the government’s new health data service.

Dr Melanie Ivarsson was yesterday named chief executive of the Health Data Research Service, which will give researchers a single access point to NHS datasets.

In her time as chief development officer at the US biotech group, Ivarsson called on Britain to cut bureaucracy to catch up with peer countries in developing trials that could benefit patients.

At Moderna, Ivarsson was in charge of clinical development, taking the company’s messenger RNA jab from early testing through to large-scale clinical trials and regulatory approval.

Before joining the biotech, Ivarsson served as head of global clinical operations at Takeda following its acquisition of Shire, and previously spent nine years at Pfizer in clinical development. Earlier in her career, she held roles in US drug-maker Eli Lilly’s early clinical development group.

The HDRS will provide access to NHS data under wider government plans to improve data flows and capitalise on information held by the publicly funded health system.

The most contentious part of the service, which is set to go live by the end of this year and be fully operational by 2030, concerns the pricing of medical data. Experts have warned that charging pharma companies and research organisations for access to private medical information will fuel public concern over profiteering.

Last year health minister Zubir Ahmed said the UK should “leverage” its new health data service for the “benefit of the Treasury coffers”, as well as accelerating the discovery of new treatments for NHS patients.

Government officials previously stressed that the HDRS would safeguard patient privacy through tight access to data, strong encryption systems and monitored secure environments.

The HDRS is being set up with about £600mn of funding from the government and the Wellcome Trust, a biomedical charity.

In November, Baroness Nicola Blackwood, chair of Genomics England, was appointed as chair of the HDRS, which has been approved as a government company. The service will be run from the Wellcome Genome Campus in Cambridgeshire.

Lord Patrick Vallance, science and technology minister, said Ivarsson’s experience “speaks for itself, not least her leadership of Moderna’s mRNA vaccine programme, which formed an important part of the fight against Covid-19”.

“The HDRS will be instrumental in ensuring that health data is used to improve health, speeding up discoveries and providing information to enhance healthcare delivery,” he added in a statement.

The Medicines and Healthcare products Regulatory Agency, the drugs regulator, said today that it had received 878 clinical trial applications between January and November 2025, up 9 per cent on the same period in 2024.

Settlement

Tortured Guantánamo detainee to receive payout

CHARLES CLOVER

Abu Zubaydah, who has been held without trial at the US military prison at Guantánamo Bay for nearly two decades, is to receive “substantial” compensation from the government.

The settlement underscores the unresolved legal legacy of the post-9/11 “war on terror”. According to a June 2018 parliamentary report, British intelligence officers put questions to Zubaydah early in his detention despite knowing he had been subjected to torture, including being waterboarded 83 times.

Zubaydah was captured in March 2002 in Faisalabad, Pakistan, then transferred to CIA custody and subsequently held at secret sites in several countries. At the time, US officials alleged he was a senior al-Qaeda figure, a claim later withdrawn by the US.

Zubaydah brought a civil claim against the UK government, arguing its intelligence services were complicit in his torture. The case has now been resolved by a financial settlement, the terms of which have not been disclosed.

Helen Duffy, Zubaydah’s international legal counsel, told BBC radio yesterday that the compensation “implicitly recognises the intolerable suffering that he has endured for his torture and unlawful ongoing detention at Guantánamo Bay . . . But it’s clearly insufficient in that he does continue to languish in unlawful detention,” he said. Duffy called on the UK and other governments to press for his release, noting he remained detained without charge.

Zubaydah’s continued detention at Guantánamo – where 15 prisoners are thought to remain – has been a symbol of the legal and moral quagmire surrounding the “war on terror”.

Sir Richard Moore, chief of MI6 from 2020 to 2025, told the BBC yesterday that “lessons have been learnt and it’s a very different approach these days”.

“All of our counterterrorism work . . . is overseen now by senior judges who are part of the Investigatory Powers Commissioner’s Office. The processes around it are utterly different,” he said.

IPCO was formed in 2017 to oversee collection of data and police procedures.



Outgunned Defence chief says forces are ‘not ready’

Line of fire: defence spending is set to rise to 2.5% of GDP from 2027 but further increases await government reviews that have been delayed since Christmas

Cpl Danny Houghton/British Army

The military’s most senior officer has admitted that the armed forces are not ready for a full-scale conflict “of the kind we might face”, warning he lacked the funding for a rapid modernisation of the military.

Air Chief Marshal Sir Richard Knighton, chief of the defence staff, told a committee of MPs yesterday that the forces faced an in-year budget shortfall and would have to make difficult decisions at a time when the threat from Russia had grown.

“We are not as ready as we need to be for the kind of full-scale conflict that we might face,” Knighton told the parliamentary defence committee.

Defence spending is set to rise from 2027 but Knighton’s comments are likely to add to concerns that the nation’s military ambitions are not yet backed by the necessary funding from Sir Keir Starmer’s government.

Defence spending will rise to 2.5 per cent of GDP from 2027, up from about 2.3 per cent when Labour came to power. But commitments to spend 3.5 per cent of GDP by 2035 have not yet been allocated funding.

Knighton indicated he expected no additional funding. “That is the

envelope we are working within,” he told the committee, adding he was not in a position to both deliver existing military programmes and the recommendations of the government’s Strategic Defence Review.

The SDR was launched last summer as the blueprint for transforming the military to help face the threat from Russia and to meet the country’s commitments to Nato.

“We can’t do everything we would want to do as quickly as we would want to do it within the budget that is set,” Knighton said. “And that requires ministers to make difficult trade-offs.”

The Defence Investment Plan, which is designed to flesh out the SDR with plans to purchase the equipment to modernise the armed forces, has been delayed repeatedly.

It was expected to be published before Christmas but wrangling between the services – and with the prime minister and chancellor for extra funding – meant it was not delivered. Knighton declined to say when it would be completed.

Tan Dhesi, chair of the defence select committee, said many members were “exasperated” by the delay to the DIP.

Festive period

Retail spending growth slows in December as living costs bite

VALENTINA ROMEI AND PHILIP STAFFORD

Retail spending rose at the lowest pace for seven months in December and below the rate of inflation, suggesting the Christmas period was disappointing for retailers as consumers continued to feel the impact of elevated living costs.

The value of retail sales increased by an annual rate of 1.2 per cent last month, down from 1.4 per cent in November and the lowest reading since 1 per cent in May last year, according to the British Retail Consortium.

Helen Dickinson, chief executive of the trade body, said retailers had a “drab Christmas”, with non-food sales falling flat in the run-up to December 25 and potential present items such as electronics “doing worse than expected”.

Consumers were “cautious” and “squeezed by the rising cost of living”, she said, with many holding off for discounts in the Boxing Day and New Year sales.

Trading updates in the past week from some of the largest retailers, including Tesco, J Sainsbury and Pri-

mark, have reinforced the downbeat outlook. Bosses have indicated that while consumers splashed out on festive food, they were hesitant to pay full prices for general merchandise, such as clothing, furniture and electronics.

Simon Roberts, chief executive of Sainsbury’s, said higher living costs and inflation meant consumers were “looking for value for money in all of the spending decisions that they take”.

Retail executives have also blamed weeks of speculation over tax rises in the run-up to Rachel Reeves’ November

Budget for damping consumer confidence in the so-called golden quarter.

According to the BRC data published today, the value of sales rose 2.3 per cent across 2025. The figures for both December and last year were below the latest inflation rate of 3.2 per cent and the 3.4 per cent estimated for 2025 indicating that consumers cut the quantity of purchases.

Non-food sales fell by an annual rate of 0.3 per cent in December, the BRC figures showed, well below the 12-month average growth of 1.1 per cent. Instead,

high food inflation, which in November stood at 4.2 per cent, boosted food sales to an annual rate of 3.1 per cent.

The data, collected by the BRC with consultancy KPMG, came ahead of official retail data on January 23 and suggests a lacklustre end to 2025, extending a weak post-Covid recovery.

In the third quarter of last year, household consumption per head was still below the same period in 2019, before the pandemic, as high borrowing costs, rising unemployment and higher taxes weighed on sentiment and spending.

The BRC figures chime with separate data today from Barclays, which found that consumer spending fell by an annual rate of 1.7 per cent in December, after a 1.1 per cent decline in November.

Jack Meaning, economist at Barclays, said: “These numbers suggest 2025 ended with a whimper, following the slowdown we saw define last year.”

But a sharp slowdown in inflation in the first half of 2026, along with the potential for further interest rate cuts by the Bank of England, “should provide consumers with respite, unlocking real spending power”, he added.



Christmas caution: while consumers splashed out on festive food, they were reluctant to pay full prices for clothing, furniture and electronics

Charlie Bibby/FT

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Editor
Roula Khalaf

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INTERNATIONAL

Falling immigration raises questions over changes to make-up of society

Political pressure has led to tougher rules but analysts consider impact on economy and growth

DELPHINE STRAUSS
ECONOMICS CORRESPONDENT

Relentless pressure from Reform UK has made immigration one of the dominant issues of Sir Keir Starmer's time as prime minister. Yet having peaked at almost 1mn in 2023, net migration has subsided to pre-Brexit levels.

Starmer says the drop so far – to 204,000 in the year to June 2025 – is merely “a step in the right direction”. But with tougher visa rules and sweeping restrictions on migrants’ ability to settle in the country still to take effect, some analysts suggest net migration could fall below zero in the short term, and stabilise at levels not seen since the 1990s – with far-reaching consequences for politics and society.

Why has net migration fallen fast?

The surge in net migration that followed Brexit and the lifting of Covid-era lockdowns was always likely to ease, as students and workers who arrived from 2021 onwards began to return home.

At the same time, a clampdown, begun by the previous Conservative government and intensified by the current Labour administration, has slashed the number of people arriving.

The latest data reflects bans on care workers and masters students bringing family with them, higher fees and salary requirements for skilled workers, and more stringent scrutiny of visa applications.

It also reflects a much weaker labour market, especially for high-paid professionals in areas such as technology where employers have historically looked overseas to fill gaps.

The one-off effects of routes opened for Ukrainians and Hongkongers are also fading, although the number of asylum seekers has continued to rise.

The fall has been faster than expected, however – exceeding the projections of the Office for Budget Responsibility, which underpin the government's fiscal plans.

Madeleine Sumption, director of the University of Oxford's Migration Observatory, points to data issues that could mean the drop has been overstated, with official figures potentially undercounting inflows through family visa routes and overcounting emigration by UK nationals.

How much lower could it go?

Net migration is likely to fall further in the short term, as the government presses ahead with further restrictions on work visas and settlement.

Home Office monthly data shows there has been a sharp drop in grants of work visas since rule changes in July excluded many mid-skilled occupations and entry-level care jobs.

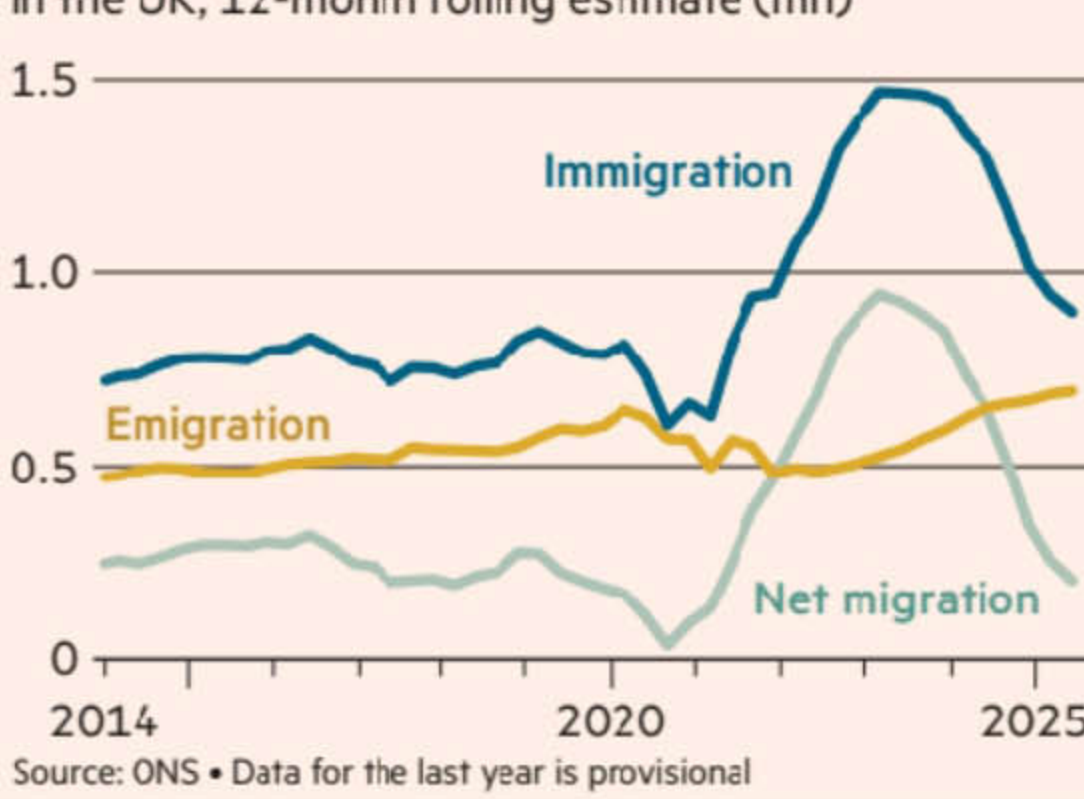
The Home Office has also stepped up enforcement action, saying yesterday that it had raided more than 17,400 workplaces and made more than 12,300 arrests of migrants working illegally over the past 18 months.

James Bowes, a researcher at the University of Warwick, believes the new restrictions could push net migration below zero this year, with about 45,000 more people leaving the country than arrive over the course of 2026.



Lower immigration has been the main driver of the sharp fall in net migration

Long-term net migration, immigration and emigration in the UK, 12-month rolling estimate (mn)



Arrivals at London's Heathrow airport. Stricter rules have helped to reduce numbers of immigrants

Jeff Gillen / Alamy

However, this estimate rests on two key assumptions.

One is that a high proportion of migrants currently working in care and other mid-skilled roles – such as chefs or butchers – will choose to leave rather than wait 15 years or more to settle. Many will have no choice, Bowes argues, if they do not meet new skill and salary requirements to extend their visas – although Home Office policy on this might change.

Bowes also believes there will be a big exodus of international students and graduate visa holders, who may no longer be able to switch to a skilled work visa under the new, higher salary requirements.

Other analysts, while they agree numbers are falling faster and further than expected, do not expect such a sharp drop, however.

Net zero migration is “not impossible” but it is “not the most likely outcome”, Sumption said. She believes the

Work visa numbers continue to fall

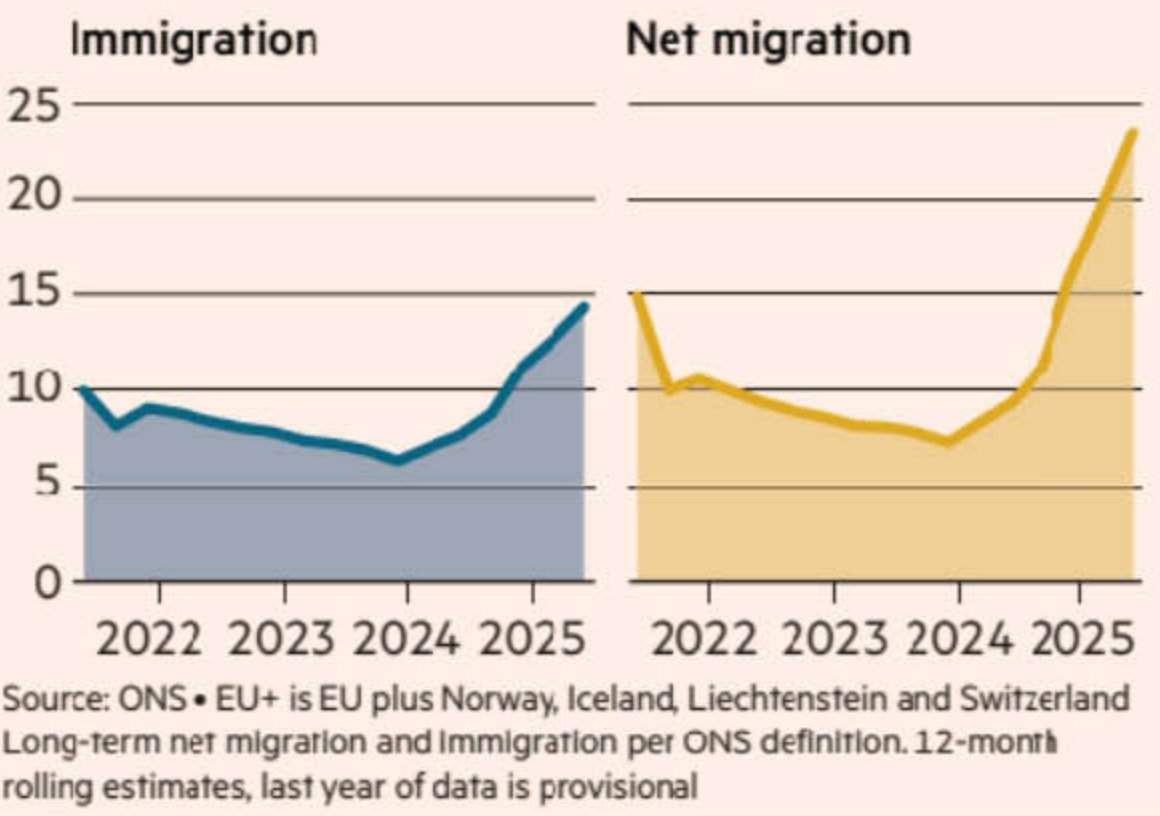
Applications for UK visas, 12-month rolling total ('000)



Source: Home Office

Fewer study and work visas mean asylum seekers make up a larger share of immigrants

Asylum seekers as a share of non-EU+ total (%)



Source: ONS • EU+ is EU plus Norway, Iceland, Liechtenstein and Switzerland

impact of the new settlement rules will be limited and the most important factor will be whether the proportion of international students staying remains as high as it has been recently, or whether recent graduates become more likely to return home.

What is the longer-term outlook?

Net migration is likely to rise again over the next few years, barring a new clampdown, because the number of people coming to the country is already low and the number of people leaving is likely to ease.

In a couple of years' time there will be fewer international students finishing courses, and outflows of EU nationals who came to the UK before Brexit will probably have slowed. If the jobs market picks up, employers could also become more willing to pay high fees and salaries for overseas recruits.

The Office for Budget Responsibility's projections – finalised before the government outlined its new policy on settlement – put annual net migration at around 340,000 in 2029-30.

The near-term decline “is a very specific downwards blip . . . in five years' time no one will be talking about this”, Sumption said.

Bowes believes that annual net inflows will rise only to the tens of thousands seen during the 1990s – pointing to early signs that even asylum numbers might decline as a result of tougher enforcement by both the UK and EU.

AL projections are highly uncertain – not least because the government still has to decide the details of the new rules for settlement and skilled work.

What will be the political effect?

The rapid fall in numbers has not yet filtered through to public consciousness. Polling published after the latest official data in November showed most people think net migration increased last year – when in fact it more than halved. A majority also expect it to remain at the same level or increase further – while wanting it lower.

One reason for this disconnection could be that asylum seekers now account for a growing share of overall immigration, precisely because the government has chosen to restrict work and study, routes it can control.

Marley Morris, associate director at the think-tank IPPR, believes that lower numbers could soon “shift the parameters of the political debate” because the OBR is likely to adjust its assumptions

on migration – and this will have consequences for the public finances.

A decline of 100,000 in net migration could cut the state's revenues by £7bn a year, even after factoring in migrants' use of public services, said Sam Freedman, senior fellow at the Institute for Government.

The government has said its new regime prioritises high-skilled migrants who pay more in tax than they cost in public services.

But new analysis by the Migration Advisory Committee suggests the tougher rules for skilled workers are shutting out young people who would make a clear fiscal contribution over their lifetime – while potentially deterring top earners who have many options to go elsewhere.

Jonathan Portes, professor at King's College, London, said the surge and subsequent plunge in numbers reflected “a classic boom-bust cycle” where policymakers tightened visa rules just as inflows were already falling.

“The result is a system that oscillates between openness and restriction,” he said. “Employers, universities and migrants face uncertainty; public services face discontinuous shocks to labour supply; and public trust erodes.”

Fiscal watchdog

Tories vow to defend ‘vital’ OBR after Reform call for abolition

GEORGE PARKER — POLITICAL EDITOR

The Conservatives will today vow to defend the “vital” role played by the Office for Budget Responsibility in holding chancellors to account, in an attempt to bolster the party's economic credibility.

But Sir Mel Stride, shadow chancellor, will also propose reforms to the OBR's economic modelling to ensure that it can “fully capture” the growth-enhancing benefits of tax cuts.

Some on the Conservative right, including former prime minister Liz Truss, have argued that the OBR is too cautious and that the fiscal watchdog has rejected the argument that tax cuts can sometimes pay for themselves.

In a speech Stride will issue a defence of the official forecaster, claiming that Reform UK leader Nigel Farage wants to scrap it because his sums do not add up.

“Funny enough, it is usually those who want to play fast and loose with the public finances who seem to have a problem with the OBR,” Stride will tell an audience at the Institute for Government think-tank.

Stride's comments are also a swipe at Truss, who sidelined the watchdog ahead of her “mini” Budget in September 2022. The fiscal event's £45bn of unfunded tax cuts spooked markets and led Truss to leave Downing Street after only 49 days.

Stride, who was chair of the House of Commons Treasury committee at the time, was a fierce critic of Truss's decision to press ahead without subjecting her tax-cutting plans to OBR scrutiny.

“It is not hard to see why a politician like Nigel Farage might want to get rid of the OBR when he fought the last election on a manifesto which made £140bn of fantasy unfunded commitments,” Stride will say.

Truss's legacy has cast a shadow over attempts by Stride and Kemi Badenoch, Tory leader, to rebuild the main opposition party's economic credibility.

But Stride will also propose reforms in the way that the watchdog operates, which could help a future Conservative chancellor make the case for tax cuts.

“Is the economic modelling sufficiently flexible to fully capture the dynamic impacts of policy?” Stride will say. Truss always said her tax cuts would generate more growth and lead to greater tax receipts over time.

Stride will also argue that the OBR should be prepared to be more open-minded about “innovative approaches”, even if “there is little evidence that they have been tried before in the UK and shown to work”.

The OBR, which was set up by then Conservative chancellor George Osborne in 2010, stresses that it takes the dynamic effects of fiscal changes into account as it draws up its forecasts for the public finances.

But in its latest outlook the body tightened its approach to scoring the economic impact of government policies. It now will attempt to quantify the impact of policies on potential output only if they lead to a change of at least 0.1 per cent by the fifth year of the forecast.

Additional reporting by Sam Fleming

Financial support

Justice ministry eyes law firms' client interest

SUZI RING
LEGAL CORRESPONDENT

Law firms might be forced to pay the government hundreds of millions of pounds from interest earned on client accounts “to help strengthen the justice system”, threatening the future of some practices.

The Ministry of Justice has proposed taking 75 per cent of interest earned from pooled client accounts in law firms – money held on behalf of clients while a transaction is pending – and 50 per cent from individual client accounts.

About £350mn a year was racked up in client account interest at the top 200 firms by revenue in 2024, according to an analysis of Companies House accounts by Adil Taha, a former private equity executive and founder of legal consultancy Taha & Watmough.

About £250mn in client interest has been recorded for last year by those firms that have filed their 2025 accounts, said Taha, who has also managed law firms and shared his findings with the FT.

The MoJ said in a consultation document last week that any “funds raised [from tapping interest on client accounts] will help strengthen the justice system”.

The ministry's proposal, which would apply to England and Wales, comes after years of debate around who should benefit from the interest on client accounts.

A number of law firms, particularly smaller ones, often retain funds to cover costs and bolster profits, adding significant revenues amid high interest rates. The Solicitors Regulation Authority, the legal regulator for England and Wales,

“This feels like a rushed and desperate attempt to find more tax revenue”

Adil Taha, Taha & Watmough

states that firms should pay a “fair” sum to their clients.

The suggestion by the MoJ comes after the government abandoned plans late last year to add national insurance contributions to the tax bills of those in limited liability partnerships to help plug the country's fiscal black hole.

“The backtracking on the LLP NI tax proposal . . . followed by this feels like a rushed and desperate attempt to find more tax revenue,” Taha said.

Some firms had been relying on client interest to prop up their businesses and profits for too long, he added.

“Private equity has been calling law firms out on this during due diligence processes when assessing whether to acquire stakes in law firms in recent years,” he said. “It became obvious very quickly that law firm partners were not only booking client interest as revenue but were topping up partner profit allocations too.”

A law firm holding £200mn in an account for five days could have made more than £100,000 in interest when rates were 4 per cent last year.

For some smaller firms, client account interest has bolstered profits. Taylor Rose, a top 60 law firm, reported £7.34mn in operating profit for 2024 and £7.3mn in client interest.

AIC Group, which owns Taylor Rose, said: “The year in question was heavily impacted by a cyber attack on a third-party IT service provider that affected many firms and had a highly detrimental impact on our operating profits that elevated the relative prominence of client interest.”

The government has pointed to the US, Canada, France and Australia as nations that force firms to pay interest back to support justice systems. The MoJ said: “We're exploring how interest earned on accounts . . . could be invested to strengthen our justice system.”

Rebellion fears

Jury trial compromise sought to appease MPs

JIM PICKARD AND SUZI RING

Moves are under way to soften the impact of removing jury trials for thousands of criminal cases as the government seeks to defuse a growing rebellion by Labour MPs.

Justice secretary David Lammy announced last month that defendants facing potential sentences of less than three years would no longer have the right to a jury trial, with their cases instead heard by a single judge.

Between 45 and 60 Labour MPs have signalled that they might vote against the changes, threatening one of the largest rebellions of this parliament.

Senior Labour figures are now weighing up whether two magistrates should sit alongside the judge in non-jury cases to provide more oversight, in a bid to quell any potential rebellion.

A three-person panel would be in line with a recommendation by retired High Court judge Sir Brian Leveson last year in his government-commissioned review of the criminal justice system.

“We've had U-turns in recent months on inheritance tax for farmers and business rates for pubs, there is a risk that the next one is going to have to be jury trials,” said one official. “Going back to the Leveson proposals is where we

would probably end up. And that would include having two lay magistrates sit with judges for trials.”

Lammy has argued that the changes are necessary to cut the number of jury trials from 15,000 a year to tackle a backlog of court cases that grew out of control during the pandemic and is on course to reach 100,000 by 2028. The backlogs have created problems with victims, witnesses and defendan's having to wait years for cases to be heard.

The justice secretary has rowed back once on his proposals. Lammy had proposed judge-only trials for offences with sentences of up to five years, before compromising on three years.



The justice system case backlog is on course to hit 100,000 by 2028

However, the changes have still prompted a backlash from some Labour MPs, many of whom believe they will lead to more miscarriages of justice, particularly for defendants from working-class or minority backgrounds.

If the government proceeds with the proposals they would require legislation in a courts bill expected this year. While officials are confident they could push the plan through the House of Commons, they fear it would face strong opposition in the Lords.

Karl Turner, the ringleader of the Labour rebels, said he could accept the compromise of judges sitting alongside two magistrates but only if the government attached conditions.

“They would need to canvass the views of the profession, which has been completely ignored. It would also require modelling and piloting, and can we be sure it will tackle the backlog?”

Turner, MP for Hull East and former shadow solicitor-general, said there was already a shortage of magistrates.

Leveson, who published the first part of his review in July, is to issue another set of recommendations in the coming months. The second part will focus on improving efficiency in the criminal justice system through technology, the workforce and the court estate.

INTERNATIONAL

Deadly crackdown

Iran says it is open to US talks on protests

Tehran responds after Trump raises threats of military intervention

STEFF CHÁVEZ — WASHINGTON
ANDREW ENGLAND — LONDON

Iran said yesterday it remained open to communication with the US, after Donald Trump warned he was considering military operations there amid an intensifying crackdown on protests across the country.

The military “is looking at it, and we’re looking at some very strong options”, the US president said aboard Air Force One on Sunday. He also said

Iran’s leadership had called on Saturday, and that they wanted to negotiate.

The US and Iran were working to schedule a meeting, but Trump said Washington might intervene before. “We may have to act because of what’s happening before the meeting,” he said.

Asked if Iran has crossed his red line for intervention as the death toll from the crackdown rose, Trump replied that “they’re starting to, it looks like”. He added that he would “make a determination” and that “we’re looking at [the situation in Iran] very seriously”.

Activist groups have estimated that between 200 and 500 people have been killed since the demonstrations in Iran erupted late last month, including

dozens of members of the security forces. Thousands of people have also been detained, they said.

It was not possible to verify the reports as the regime has imposed an internet blackout since the protests escalated on Thursday, cutting Iran off from the outside world.

Iran’s foreign ministry spokesperson said yesterday that a “communication channel” between foreign minister Abbas Araghchi and US envoy Steve Witkoff remained open.

The two officials have been in contact since Iran and the Trump administration held indirect talks over the republic’s nuclear ambitions last year. Those negotiations ended after Israel

launched a 12-day war against Iran – which the US briefly joined.

Araghchi said Tehran was prepared for dialogue, but also war if necessary.

“The Islamic republic of Iran is not looking for war but is completely prepared for war,” he said in a speech to foreign diplomats in Tehran. “We are also ready for negotiations, but fair negotiations with equal rights and mutual respect.”

Trump has repeatedly warned the US was ready to “rescue” Iranians if the authorities killed protesters, as the unrest poses the greatest domestic threat to the Islamic regime in years.

The authorities have blamed “rioters” and “terrorists” for the violence and

blamed the US and Israel for stoking the unrest.

Araghchi claimed all cities and towns were “under total control”, as the government organised pro-regime demonstrations to project support for the theocratic leadership. Thousands took to the streets across the republic yesterday chanting “death to America” and “death to Israel”.

Trump warned that should Iran retaliate against any military action by attacking US bases, Washington would hit “targets they wouldn’t believe. If they do that, we will hit them at levels they’ve never been hit before.”

Additional reporting by James Politi in Washington

Presidential access

Corruption scandal puts pressure on EU Council leader Cyprus

ELENI VARVITSIOTI — ATHENS

Cypriot president Nikos Christodoulides is facing a corruption crisis after his top aide resigned following the emergence of a video in which he appeared to discuss accepting donations for access to the presidency.

Charalambos Charalambous, the president’s chief of staff who is also his brother-in-law, denied wrongdoing when he stepped down yesterday. Charalambous said the recording had been heavily edited.

“In no circumstance would I accept that even the slightest shadow be cast on my integrity, nor on my sincere intention to serve my country,” he said. “My own involvement, through deliberate distortions, selective excerpts and references taken out of context, is being exploited so as to lead to misleading conclusions, without any intention of a sober reading of the actual facts.”

The video posted on X last week appeared to show Charalambous describing himself as a key point of access to the presidential palace, and outlining how donations could be framed as corporate social responsibility payments.

The scandal is a blow for Christodoulides, whose main pre-electoral theme was fighting corruption and a pledge to “clean the name of our country”. It also puts him under pressure as Cyprus assumes the rotating presidency of the Council of the EU.

It was not immediately clear who had made and distributed the clip. The government has rejected the allegations, saying it was a maliciously edited montage intended to mislead. Christodoulides has publicly challenged anyone with evidence of wrongdoing to submit it to prosecutors.

Christodoulides has sought to reposition Cyprus – long viewed as Kremlin-friendly – firmly towards the west, backing Ukraine and deepening ties with the US government. Cyprus formally assumed the EU presidency – which it will hold until July – at an event attended by Ukraine’s President Volodymyr Zelenskyy last week. The video was released a day after.

Constantinos Letibiotis, a government spokesman, said that “a case of hybrid activity against the Republic of Cyprus is under examination”, in a statement on X. He said the attorney-general and the chief of police had been informed.

The European Commission did not respond to a request for comment. The Council of the EU declined to comment.

The controversy has intensified political tensions in Cyprus. With parliamentary elections scheduled for May, the fallout could test support for the governing coalition. The opposition leftwing Akei party has accused the government of failing to provide sufficient transparency, and initially called for senior officials in the video to resign.

“The country has made serious efforts to clean its name and dissociate itself from past practices,” said Sofronis Clerides, a professor of economics at the University of Cyprus. “Then something like this takes place – it feels like a Sisyphean process.”

Additional reporting by Henry Foy in Brussels and Nassos Stylianou in London

Refurbishment. DoJ investigation

Costly Fed project gave impetus for criminal probe

Trump administration claims Congress was misled, which bank chair has called a ‘pretext’

CLAIRE JONES AND SAM FLEMING

The chair of the US Federal Reserve, Jay Powell, faces a criminal investigation over a \$2.5bn refurbishment of the central bank’s headquarters as the Trump administration intensifies its attacks on the institution.

Gold jumped to a record high yesterday and the US dollar fell as traders viewed the justice department’s probe as a dramatic escalation in the battle over US central bank independence.

In an unprecedented statement, Powell bluntly described the threats over the project as a “pretext”, pointing the finger instead at the administration’s desire to see the Fed slash interest rates to as low as 1 per cent.

What is driving the probe?

Donald Trump has claimed to have no involvement in the Department of Justice investigation. But his administration has for months used the renovation project as a means to attack Powell.

The president’s allies have accused the Fed of misleading Congress over a renovation project that was approved during Trump’s first term but is now \$700mn over budget.

Trump also threatened last month to sue Powell for “incompetence” relating to the revamp.

Russell Vought, director of the Office of Management and Budget, has in the past compared the project to the building of the Palace of Versailles in France and described the cost overruns as “outrageous”. He has also attacked Powell for “grossly” mismanaging the project.

Powell’s statement on Sunday was the first time he has directly addressed Trump’s attempts to curtail the Fed’s independence to set interest rates free from political interference.

“No one – certainly not the chair of the Federal Reserve – is above the law. But this unprecedented action should be seen in the broader context of the administration’s threats and ongoing pressure,” he argued.



Above estimates: Federal Reserve chair Jay Powell, below, is under fire over a \$700mn cost overrun on the renovation project — Kevin Dietsch/Getty Images

Why has this happened now?

On the face of it, the timing of the DoJ probe appears odd. Powell’s second term as Fed chair ends in May. But the investigation is likely to be taken as a warning shot to whoever Trump picks to succeed him in the role of the world’s most important central banker. An announcement is expected this month.

Allies of the president may also have decided to act now to force Powell to step down as a Fed board governor later this year. Even after his term as Fed chair expires, Powell has the right to remain on the central bank’s board until January 2028. He has yet to say whether he will exercise that right.

While the broader Federal Open Mar-

ket Committee, which features the 12 heads of the regional Feds, sets interest rates, the board steers the debate. Board governors also have the power to force out the heads of the regional Feds, as well as take on responsibility for the governance of the central bank.

The administration has also had little joy so far in trying to force out Fed governors by other means. Last year, Trump attempted to fire Lisa Cook over claims of mortgage fraud, saying this constituted “for cause”, a legal term usually interpreted as gross malfeasance.

Cook, who has denied the allegations, has been given the right by the Supreme Court to remain at the Fed while her case against the president continues. The Supreme Court is due to hear arguments on the case later this month.

Should Powell leave, presidential appointees would have control of the seven-strong board.

How will Congress react?

This is a key question, given the Senate has the power to determine whether Trump’s chosen successor as Fed chair and other governor nominations are confirmed.

The DoJ investigation comes as some Republicans show a greater willingness to defy the president – such as last week over the US’s intervention in Venezuela.

Thom Tillis, a Republican senator for North Carolina who has tussled with Trump before, said after the Fed had received grand jury subpoenas that he would oppose the confirmation of any Fed nominee, including for the chair, until the legal matter is resolved. He echoed Powell’s words in saying the central bank’s independence is at stake.

“If there were any remaining doubt whether advisers within the Trump administration are actively pushing to end the independence of the Federal Reserve, there should now be none. It is now the independence and credibility of the DoJ that are in question.”

If others share his views, that could prove a deadly blow to Trump’s attempts to install an ally as Fed chair. White House economist Stephen Miran scraped through by just one vote when he was confirmed as governor last year.

Elizabeth Warren, the top-ranking Democrat on the influential Senate banking committee, labelled Trump a “wannabe dictator” on Sunday evening.

Why is the project under scrutiny?

Vought, a close ally of the president, claims the Fed’s refurbishment of its Marriner S Eccles Building and the neighbouring 1951 Constitution Avenue is emblematic of what he, and other administration officials claim, is a lack of oversight at the US central bank.

US Treasury secretary Scott Bessent has said a review of the decision to undertake the project should be conducted and called for a probe of the “entire Federal Reserve institution”.

Powell attempted to rein in spending by removing some of the more lavish elements of the plans, telling Congress last June that water features, beehives and rooftop gardens had been cut. The DoJ investigation is thought to focus on whether he misrepresented the facts when describing those changes.

But many Fed-watchers share Powell’s view the objection to the project is a pretext to give the president more control over interest rates. “The substance is less important than the fact that the Trump DoJ is doing this at all,” said Derek Tang of research firm LH Meyer.

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Disease fight

AI combs through 1mn species’ data to find novel therapies

MICHAEL PEEL AND AANU ADEOYE
LONDON

An international team including researchers from Nvidia and Microsoft has used AI on a biological trove of more than a million species to generate potential new gene editing and drug therapies to combat deadly diseases.

The AI models, known as Eden, use evolutionary information from mainly microbe specimens compiled globally by the UK company Basecamp Research that have never before appeared in public databases.

The initiative is a milestone in increasing efforts to use AI to learn from evolution about the nature and origin of diseases. Researchers have been trying to overcome data shortages and technical limitations that have held back the development of gene therapies.

“What we’re mapping here is organisms all over the planet [and] how they’ve evolved,” said John Finn, Basecamp’s chief scientific officer, adding that he hoped the approach could be used to target thousands of untreatable cancers and genetic conditions.

“Where machine learning models

come into this is picking out these very, very hidden relationships between all these different species and 4bn years of evolution,” he said.

The Eden models designed potential new therapies after learning from a dataset that included more than 10bn novel genes from more than 1.05mn species added over the past several years. Basecamp collaborated with chipmaker Nvidia, which is also an investor in the company via its NVentures venture capital arm.

The research included the first demonstration of AI-designed enzymes – biological catalysts – that can perform precise large gene insertion in humans, Basecamp said. The company has already carried out insertions at more than 10,000 disease-related locations in the human genome, resulting in the “strong killing of cancer cells” in laboratory tests, it said.

Gene insertion involves placing large therapeutic DNA sequences at precise locations in the human genome. Existing techniques can only make small edits and damage DNA to do so, limiting where and how they can be used.

Dame Kay Davies, emeritus professor

of anatomy at the University of Oxford, said this would reduce the side effects of gene insertion. “If they can use AI to scour databases to increase the specificity, and therefore decrease the off-target effects, then they will take it up another level on the safety scale.”

Eden further generated a library of peptides, the building blocks of proteins, with the potential to kill bacterial “superbugs” that have shown resistance to existing drugs, Basecamp said. The best performing peptides showed “high potency against critical-priority, multi-drug-resistant pathogens”.



Basecamp Research staff work on biodiversity mapping in Malta

Eden’s “primary advance” is to use a single model to “generate functional biological components across different therapeutic areas”, said Omar Abudayyeh, a gene editing expert at Harvard Medical School. But more work would be needed to show that the antimicrobial peptides were safe and the gene insertion methods “efficient and specific” in human cells, he said.

“The ultimate significance will depend on how well these AI-generated designs translate to real-world clinical applications, which requires further validation,” Abudayyeh said.

The Basecamp-led research had developed an “amazing set of tools” but its clinical impact would depend on other factors including regulation, manufacturing and insurance, said Fyodor Urnov, a gene-editing scientist at the University of California, Berkeley.

He said gene-editing therapy was dominated by companies developing treatments for only about 20 of the 5,000 known genetic diseases.

Urnov said the goal should be to get to a “world where it’s much faster and cheaper to get to genetic medicines for rare diseases than it is currently”.

INTERNATIONAL

Iran’s stuttering economy sows seeds of unrest

Protests have their roots in sanctions and Islamic regime’s inadequate attempts to arrest falls in the standard of living

ANDREW ENGLAND
MIDDLE EAST EDITOR

As traders in central Tehran and the historic Grand Bazaar shut their stores last month to protest against high prices, Iranian President Masoud Pezeshkian outlined the depth of his dilemma in managing the Islamic republic’s economic malaise.

“I am told salaries are low; that is true. I am told taxes are high; that is also true. But then I am told to raise salaries,” Pezeshkian told parliament. “Can someone tell me where the money is supposed to come from? We are struggling to secure foreign currency to cover people’s livelihoods, livestock feed and basic commodities.”

In the weeks since, protests over economic grievances have spiralled into nationwide civil unrest that poses the biggest threat to the Islamic republic in years. Activist groups say hundreds of people have been killed and thousands detained as the regime has intensified its crackdown.

The crisis underscores how the theocratic regime has been worn down by a toxic combination of decades of swingeing US sanctions, internal mismanagement and corruption, analysts say.

“It’s inevitable that this protest would continue to grow and mount, translating to this moment — protests are just baked in because of the economic stagnation and the political deadlock,” said Sanam Vakil, Middle East director at Chatham House. “It didn’t need to be this revolutionary. It’s been made worse by their unwillingness to make concessions and their unwillingness to reform, economically and politically.”

Pezeshkian is not the first Iranian president to face such a crisis. Iran’s economy has been strangled by ever-tightening western sanctions since 2012 when then-US president Barack Obama stepped up the pressure on Tehran over its nuclear programme and convinced the EU to follow suit.

That year, Iran was cut off from the Swift global payments system. The rial devalued, inflation soared, investment declined and Iranians felt worse off — the same ailments that have helped ignite the past two weeks of protests.

Esfandiyar Batmanghelidj, chief executive of the Bourse & Bazaar Foundation think-tank, said 2012 was the year that pushed Iran, a country of 90mn people, into its first significant contraction since the early 1990s. Since then, “the growth has been essentially half the rate it was up until that point”.

Between 2000 and 2012, the economy on average grew 4.4 per cent each year. In the years since, average growth slowed to just 1.9 per cent, he said.

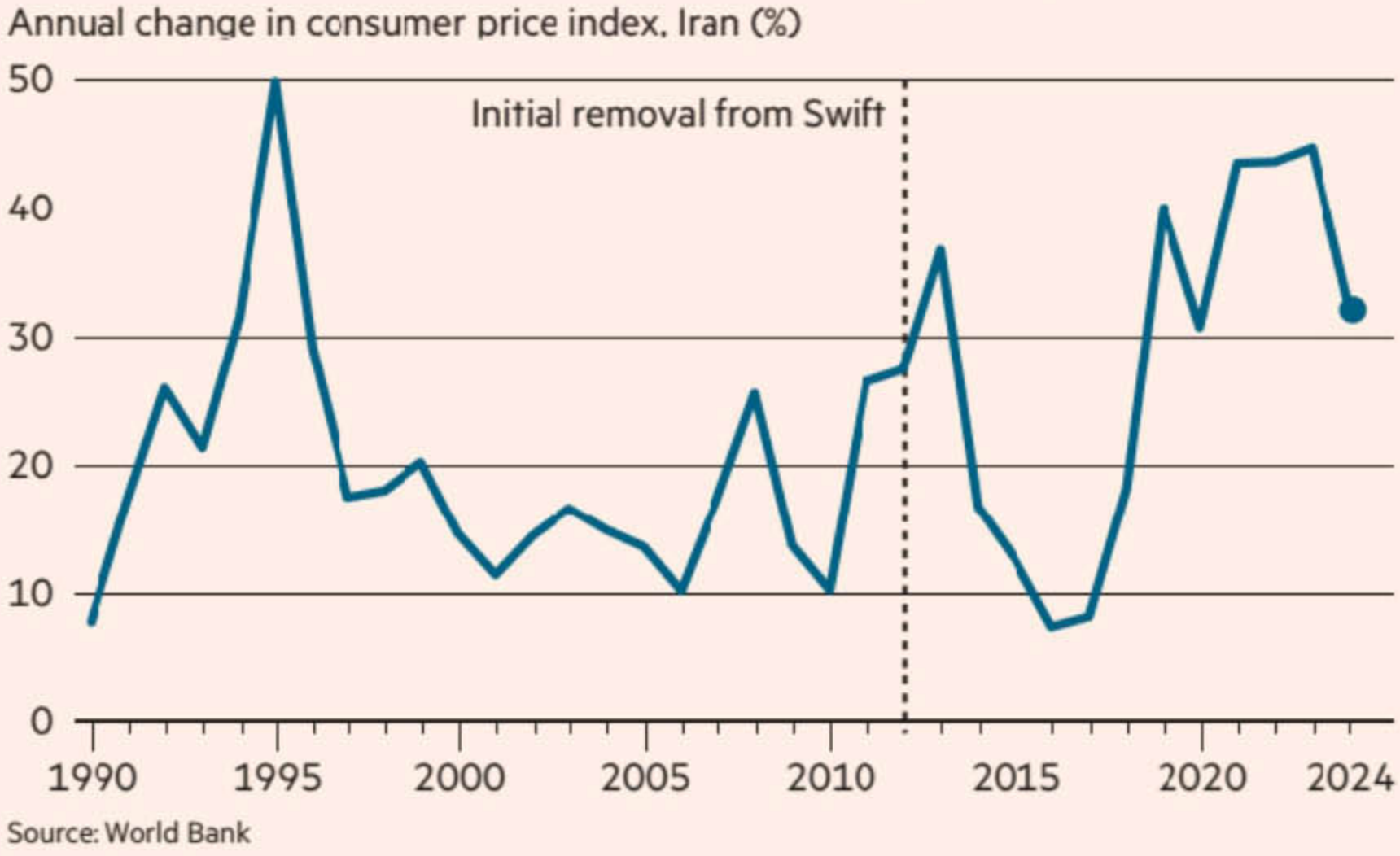
The current fight for civil liberties and political change would have been “very different” if the country had followed its pre-sanctions economic trajectory, Batmanghelidj said.

There was brief respite after Iran signed a nuclear deal with the Obama administration and other world powers in 2015, which secured widespread sanctions relief in return for tight restrictions on nuclear activity.

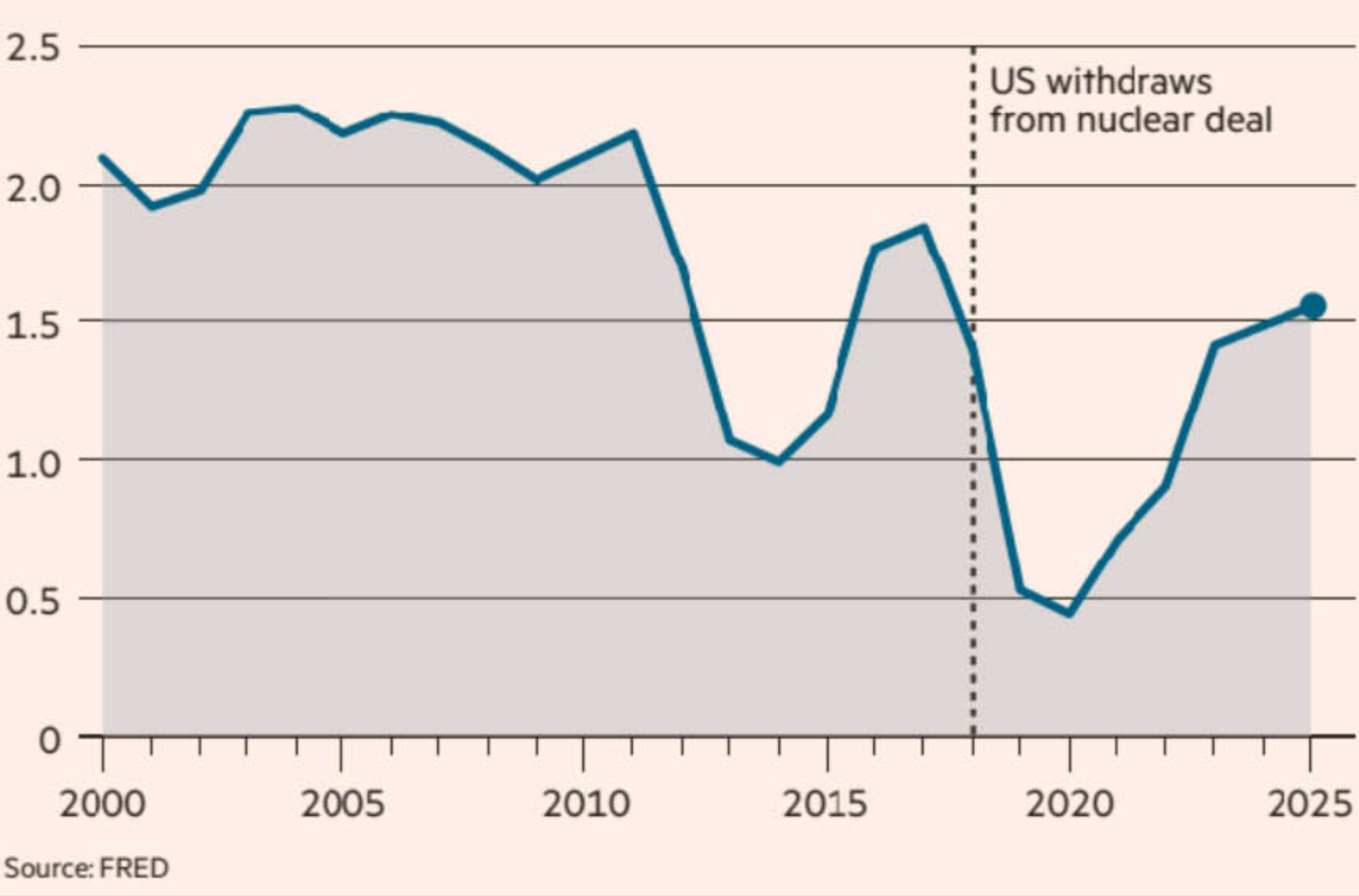
With promises of US and European investments in the country and the end of restrictions on oil exports — the key source of foreign currency — growth rebounded and inflation plummeted to just under 7 per cent, the lowest rate for decades. Oil exports rose to a peak of 2.8mn barrels per day in May 2018.



Inflation has soared since Iran was disconnected from Swift — with the only respite coming during a temporary reconnection



Oil exports remain below historical highs



Spilling on to the streets: protesters in Tehran last week, angered by years of economic stagnation

MAHSA/Middle East Images/ AFP/Getty images

But the relief was fleeting. US President Donald Trump, then in his first term, that month withdrew from the nuclear deal and began imposing hundreds of new sanctions on Iran.

With the threat of secondary sanctions, international business pulled out, Iran was once more cut off from Swift and its oil exports dropped as low as 300,000 b/d in 2019.

Growth sharply contracted, the rial nosedived and inflation once more soared towards 40 per cent. Trump also froze tens of billions of Iran’s oil money held in central banks overseas, cutting

off a vital source of foreign currency. The country has fallen into an “almost permanent state” of “economic pessimism”, Batmanghelidj said, characterised by a “negative perception about the current conditions and, almost more importantly, a deep negative view of the future”.

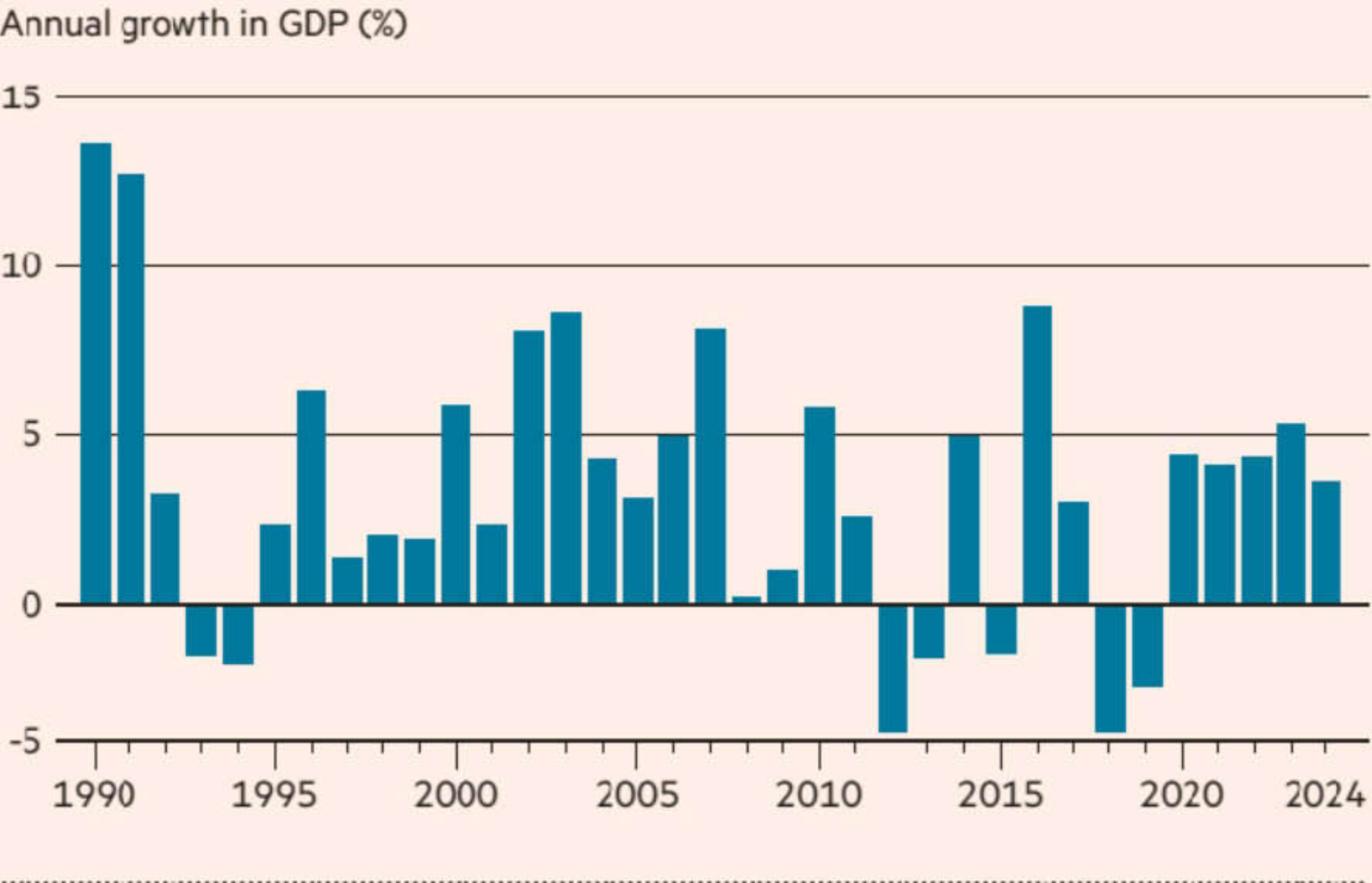
Frustration exploded into street protests in 2017 and again in 2019 after the government of Hassan Rouhani, an architect of the nuclear deal, increased subsidised petrol prices by 50 per cent.

Djavad Salehi-Isfahani, an Iranian-born economist at Virginia Tech, said

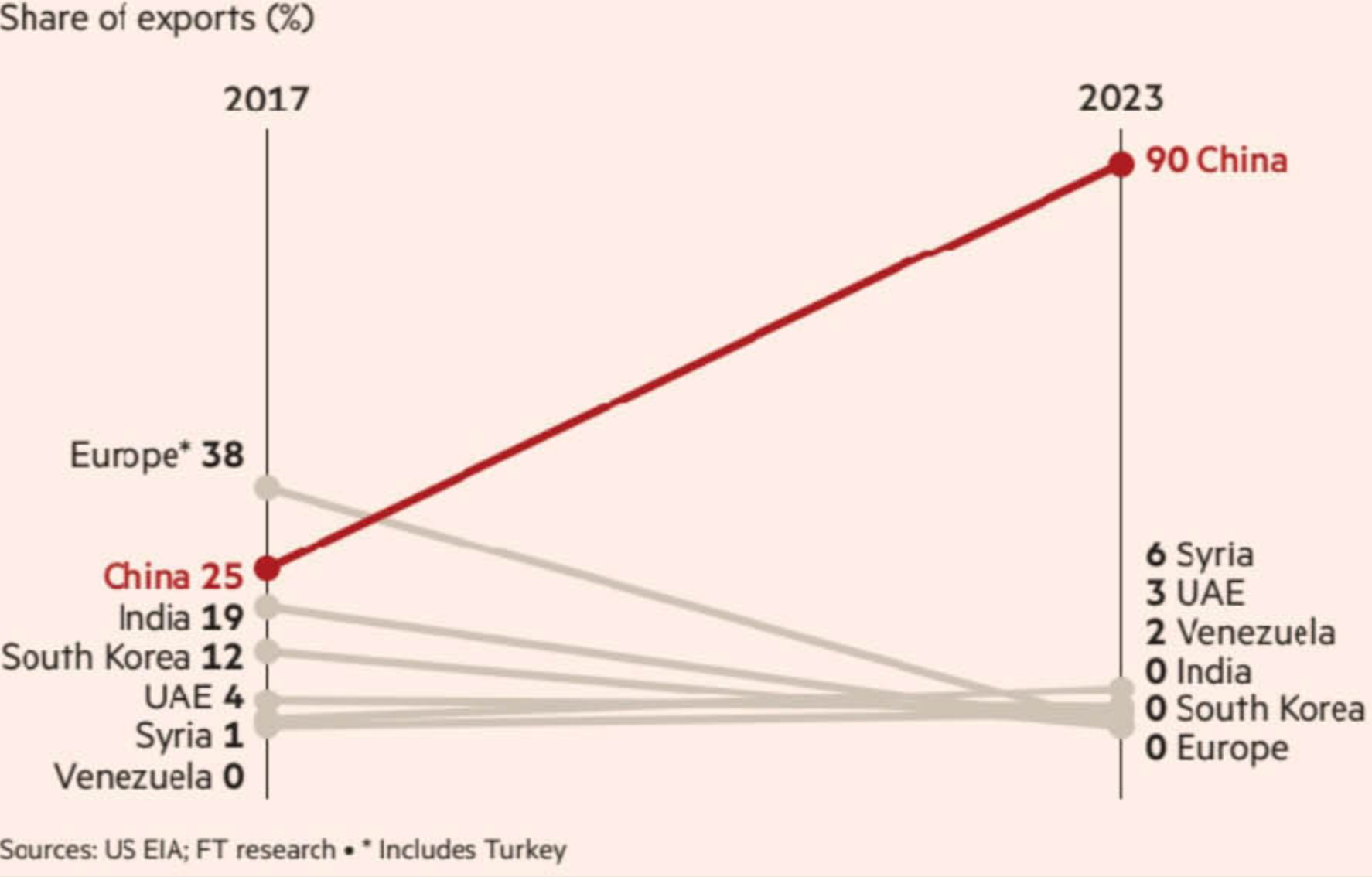
the end of the nuclear deal and its economic impact “destroyed the momentum inside Iran for rapprochement” with the west. “Iranians started thinking they could sell a lot of stuff around the globe, not just across the borders,” he said. “So there was a lot of hope. Dashing that hope had a big effect.”

Successive governments, accused of mismanaging the economy, have been “way too reactive” in trying to address the economic pressure, said Salehi-Isfahani. They are also stymied by powerful interest groups resisting reforms, analysts say. There are also competing

Economic growth has stuttered since 2012



China became the recipient of most Iranian oil exports following sanctions in 2018



‘There was a lot of hope. Dashing that hope had a big effect’

Investigations find money, weapons and drugs were smuggled to Middle East

RAYA JALABI — BEIRUT
MILES JOHNSON — LONDON

As foreign minister of Venezuela, Nicolás Maduro travelled to Damascus in 2007 for a highly publicised meeting with then-president of Syria, Bashar al-Assad, en route to Tehran.

Maduro was ostensibly in the region to strengthen ties with others similarly hostile to Washington. But his visit had another purpose: a secret meeting with a senior Hizbollah commander, integral to its overseas operations.

The previously unreported encounter took place at a hotel in central Damascus, said three people with knowledge of the meeting, and would mark the first known instance of Maduro meeting directly with a member of the Lebanese militant group.

Washington has long accused Venezuelan officials of colluding with Hizbollah in drug trafficking operations and illicit finance, with several Maduro allies subject to criminal investigations by US authorities that cite such links.

Those relationships face renewed scrutiny after Maduro’s capture by US forces last week. In court in New York last week, he pleaded not guilty to four charges of narco-terrorism, conspiracy to import cocaine and possession of weapons.

The indictment does not mention Hizbollah or Iran, but in an interview the day after Maduro’s capture, US secretary of state Marco Rubio said Venezuela has “cosied up to Hizbollah” and its patron Tehran.

“It’s very simple,” Rubio said. “In the 21st century, under the Trump administration, we are not going to have a country like Venezuela in our own hemisphere, in the sphere of control and at the crossroads for Hizbollah, for Iran and for every other malign influence in the world. That’s just not going to exist.”

Hizbollah, Iran’s biggest proxy, developed relationships with officials in Caracas under the late leader Hugo Chávez, which grew closer under Maduro, said an intelligence official and another person familiar with the situation.

One of the people said: “You all of a sudden start seeing Hizbollah activities proliferate. We’re talking drug trafficking, money laundering, schemes to obtain passports, arms, intelligence — all orchestrated with diplomatic cover.”

Hizbollah and Venezuelan authorities have always denied the claims. But multiple investigations and overt clues illustrate the depth of the relationships.

Jack Kelly, a retired agent for the US Drug Enforcement Administration who helped lead its investigation into Hizbollah and organised crime, said the agency found evidence that Hizbollah operatives were provided with Venezuelan passports, while Conviasa, Venezuela’s state-owned airline, provided the group with logistical support.

Project Cassandra was initiated in 2008 to investigate activities including drug trafficking, weapons smuggling and money laundering. Kelly said that around 2010, the DEA learned of cocaine loads being sent on Conviasa flights to Damascus, as well as large bulk shipments of hard currency. This, Kelly said, was to send on to Hizbollah-linked money exchanges in Lebanon. “That couldn’t have happened without the Chavistas being aware of it,” he said.

Roger Noriega, a former US assistant secretary of state for western hemisphere affairs, in 2012 testified that Conviasa operated regular flights from Caracas to Damascus and Tehran “providing Iran, Hizbollah, and associated narco-traffickers a surreptitious means to move personnel, weapons,

contraband and other materiel”. Much of the evidence of links between Hizbollah and Venezuela dates from Project Cassandra.

But Hizbollah’s relationships in Venezuela appear to have continued since that probe, which ended in 2016.

A complaint filed in a US federal court against the cryptocurrency exchange Binance in December alleged that Venezuela-based, Hizbollah-linked gold smugglers and money launderers had moved tens of millions of dollars in crypto through the exchange. Binance said in response that it fully complied with “internationally recognised sanctions laws”.



The late Hizbollah leader Hassan Nasrallah painted on a Caracas wall

Project Cassandra uncovered links between a high-ranking Hizbollah official and a Medellín-based Lebanese drug kingpin with ties to the militant group Ayman Saied Joumaa.

In his testimony, Noriega stated that “Venezuela has provided thousands of phone IDs, passports and visas to persons of Middle Eastern origin” — claims echoed to the FT by ex-US officials and the intelligence official.

Tareck El Aissami, a former Maduro confidant and vice-president sanctioned by the US, Canada and the EU, was key to the passport scheme, said the person familiar with the situation. El Aissami has been indicted on corruption and other charges in the US.

At the same time, investigators saw striking images of Hizbollah fighters in Venezuela. Kelly said around 2010 the DEA saw credible evidence operatives from the militant group were present.

“We saw pictures of Hizbollah fighters on rooftops in Margarita Island with long guns training in urban warfare,” he said. Margarita Island is a hub of Hizbollah financial activity, said the intelligence official, and is home to a large Lebanese diaspora community.

As early as 2008, the US Treasury sanctioned Ghazi Nasr Al Din, a Venezuelan diplomat who worked at the

power centres within the regime, with the ultimate decision maker being Ayatollah Ali Khamenei, the 86-year-old supreme leader who has led the republic since 1989.

“They are responding and trying to adjust economic policy when things reach a crisis point,” Salehi-Isfahani said. The central bank has often delayed action until “it’s very hard to defend the currency and it’s prone to devalue very sharply”, he said.

The government’s tools for boosting growth and revenue include increasing oil exports and exporting non-oil goods, but both are shackled by sanctions. Oil exports hit 1.9mn b/d in December, according to the International Energy Agency, with production steady at 3.5mn b/d, but Iran has to sell at a discount due to US restrictions.

Yet throughout the years of sanctions, Iranians have not suffered from a domestic shortage of goods, aside from some specialist medicines such as cancer treatments — which Tehran blames on US restrictions — even as the cost of living crisis has intensified.

“Most Iranians continue to make ends meet, it’s very difficult for them to do that but we are not in a country like Venezuela or Syria where there’s a full-on economic collapse,” said Batmanghelidj. “The main issue has been affordability, not availability.”

While some households “have slipped below the poverty line and are facing more food insecurity, for the vast majority of Iranians, it’s about their relative welfare, where they feel they should be versus where they are today”, he added.

For Iran’s large young urban population, the huge gap between their aspirations and daily life under the oppressive regime is fuelling disillusionment and anger, analysts say.

In the seven months since Israel launched its 12-day war against Iran in June, the rial has lost 40 per cent of its value, according to Salehi-Isfahani. Annual inflation hit 42 per cent in December, while food inflation soared to 72 per cent, with the price of bread rising 113 per cent. The increases have a far more severe impact in poorer provincial areas where the unrest spread.

As the protests began, Pezeshkian was presenting his budget for the year beginning in late March, under which state employees would face a large real-terms pay cut and overall spending would also increase below inflation.

He also moved to end a long-standing policy of providing cheap foreign currency to importers — widely blamed for corruption and distorting markets.

Instead, he expanded an existing scheme of cash transfers to households, providing 88mn Iranians with a monthly transfer of 10mn rials per person, equivalent to \$7, or \$40 adjusted for local prices, according to Salehi-Isfahani. Prices kept rising.

Salehi-Isfahani said one of the government’s failures was to effectively tackle its huge fuel subsidy bill, which creates an opportunity cost of about \$70bn.

The currency and inflation tumult is “a bit like a car that’s moving towards a wall and eventually hits it”, he said. “If you look at the way inflation was progressing it had to get into a kind of a crisis like this.” He partly blames the impact of Israel’s war, but suspects it could also be caused by Tehran spending money on re-arming under the threat of fresh Israeli or US strikes.

Latin America. Lebanese militants

Maduro’s 2007 Damascus trip reveals deepening of Venezuela’s illicit Hizbollah links

embassies in Damascus and Beirut and “utilised his position . . . to provide financial support to Hizbollah”.

Adel El Zabayar, a close Maduro ally, was indicted by the US DoJ in 2020 on narco-terrorism charges and was accused of links to Hizbollah.

The Republican chair of the House foreign affairs committee, Brian Mast, last week claimed Maduro had allowed Hizbollah to use Venezuela “as a base for espionage and kinetic operations against the US”.

Rubio’s message was being read by Hizbollah, already weakened and under continuous attack by Israel, as a clear threat to its continued operations, according to the person familiar with the group’s thinking.

“But [Maduro’s] regime is still in place. The system is still in place — the same one that seemingly collaborated with Hizbollah,” said Levitt, the former US counterterrorism official.

“Perhaps the secretary knows something that I don’t — but looking in from the outside, it’s completely unclear to me how what the US did is going to translate into a setback for Hizbollah and Iran in Venezuela.”

Additional reporting by Bita Ghaffari in Tehran and Abigail Hauslohner in Washington

INTERNATIONAL

East Asia

Japan’s PM considers snap poll amid ratings surge

Takaichi seeks to turn her rising popularity into a parliamentary majority

LEO LEWIS — TOKYO

Sanae Takaichi, Japan’s prime minister, is considering calling a general election as early as next month, according to ruling party members, as she seeks to use her sky-high approval ratings to reclaim her party’s parliamentary majority. One plan under discussion would be to go to the polls around the second

week of February, said a senior member of the ruling Liberal Democratic Party. This would mean dissolving the lower house of parliament immediately after it reconvenes on January 23. Takaichi has not given any clear indication of the timing of a potential poll. The yen fell on Friday to its lowest level in a year, driven by concerns that a snap election could delay approval of next year’s budget and disrupt the government’s economic plans. Japanese markets were closed yesterday. Takaichi has shaken up the ruling party since becoming the country’s first

female prime minister last year, as she has sought to restore its status as a national vote-winning machine. The LDP suffered a series of election setbacks under her predecessor Shigeru Ishiba, including the loss of its outright parliamentary majority, forcing it to rely on smaller coalition partners. Her cabinet approval ratings are running at about 70 per cent, according to recent polls. While some analysts said that comments from politicians and the confident tone in domestic media suggested a February election was a “done deal”,

several senior members of the LDP, including a former cabinet minister, said such a conclusion was premature. An alternative timeline would target an election in July at the earliest, said one official. In her three months in office, Takaichi has attempted to relieve a cost of living crisis, pledging a \$135bn stimulus package. She has also held firm in a diplomatic dispute with China. But the risk of a miscalculation was high, said Tobias Harris, a political analyst and founder of Japan Foresight, who warned there was no guarantee that the

prime minister’s personal popularity would translate into a broad swing of renewed support for the LDP. “There is a lot that could go wrong,” he said. “For Takaichi, who has made such a point of saying that she is so focused on dealing with Japan’s many crises, it is difficult to say she is putting her country first if she now switches to focus on an election.” Yu Uchiyama, a political scientist at Tokyo University, said Takaichi owed her popularity to her origins outside the traditional political elite, with which much of the public has become disillusioned, and to the way Japanese politics has broadly shifted to the right.

Her hawkish image on both China and immigration reflected the new political atmosphere, Uchiyama said, and an election would test whether Takaichi could win back voters who had defected to rightwing, populist parties. “There has been growing political distrust in the LDP,” said Uchiyama. But Takaichi had raised expectations she “can change politics and the LDP”. “Her attitude and way of thinking is very decisive. People think she will exert strong leadership, and many people like that.”

Autonomous territory. Sovereignty

Greenlanders bristle at Trump takeover threats

Inuit fear loss of language and traditions if US succeeds in grabbing the vast Arctic island

JACOB JUDAH — NUUK, GREENLAND

Maja Overgaard drags her blade back and forth across a sopping wet sealskin. It will take months of back-breaking work before she has transformed the hide into boots ready to venture into a snowstorm. Like most Greenlanders, however, Overgaard is now more preoccupied with the geopolitical storm raging over her vast Arctic homeland. In Nuuk, the capital of Greenland, residents worry that US President Donald Trump is hell-bent on seizing their island home come what may. Overgaard sighs that she has begun discussing with her husband about whether to flee to Denmark in the event of an American takeover. “I don’t want to live in an American empire,” she said. None of her neighbours, assiduously working on skins and intestines, wants to either. “Trump is serious,” said Martin Rasmussen. He has started boycotting American goods. “Trump is going to fight to the bitter end.”

The idea that the US might try to seize control of Greenland, an autonomous territory of Denmark that is home to 57,000 mainly Inuit inhabitants, was once brushed off as a geopolitical folly. But Trump, who has repeatedly raised the possibility of trying to purchase Greenland and has refused to rule out using military force to acquire the island, has not let the idea drop. Trump insists that securing Greenland, which hosts a small but strategically important American military base, is an urgent national security priority. He says Denmark, which has ruled Greenland for more than 300 years, has failed to adequately defend it and has allowed its waters to become infested with ships and submarines from Russia and China, although this is dismissed as nonsense by Nordic officials and Greenlanders themselves.

By the quayside in Nuuk, several trawlers were bobbing in the inky blue waters. “I have never seen any Russians or Chinese,” said a bemused Helte Johannsen, a fisherman who has been sailing up and down the Greenlandic coastline for almost 40 years. “I don’t think that Trump knows anything about Greenland,” he said. Nearby, Josef Iyberth was taking a breather from unloading freshly caught Greenlandic cod on to the docksides. He spends his spare time hunting seals and reindeer in the seas and mountains outside Nuuk, but would not dare fight an invading force. “Our guns are not for people,” he laughed.

There is a growing sense of crisis among Greenlandic and Danish officials as Trump has raised the stakes. Discussions are scheduled for this week with US secretary of state Marco Rubio, which Nuuk and Copenhagen are hoping might help defuse tensions. It is a sign of how serious the crisis has



Cold comfort: Nuuk, the capital of Greenland. Below, seamstress Sofie Amondson and Helte Johannsen, a fisherman, both oppose US attempts to take over the island — Jacob Judah/FT



become that Rubio was forced to play down the possibility of an invasion to the US Congress last week, instead saying the US was prioritising buying the island. Danish Prime Minister Mette Frederiksen, in an unprecedented intervention, said an attack by the US would mean the end of Nato. In Nuuk, apprehension about American intentions is giving way to anger. “They are treating us as if we were merchandise in a shop,” spat Greenlandic MP Per Berthelsen, a softly spoken former rocker who founded the political party of incumbent Prime Minister Jens-Frederik Nielsen. “I have difficulties seeing the difference between the way the Americans are acting towards Greenland, and Russia, where you can see that the interest is to make their [territory] bigger,” he said. “We are not for sale. We don’t want to be Americans, we want to be Greenlanders,” Berthelsen, a former Greenlandic foreign minister, added. There has long been a consensus in Nuuk that Greenland should strive for eventual independence from Denmark, which supports Greenland financially with a large annual grant. But there is disagreement over how quickly this should happen and whether working with Copenhagen to fend off American depredations is a wise choice. Jeppe Strandsbjerg, an expert in Arctic affairs at the University of Greenland, said that the cautiously pro-independence Greenlandic government had so far largely seen eye-to-eye with Denmark. “They are not tearing Nuuk and Copenhagen apart,” he explained.

But not everybody in Nuuk agrees. Pele Broberg, who runs the main opposition party, favours accelerating Greenland’s efforts to wriggle free from Denmark and sees Denmark and the US as one and the same. He says Denmark is weaponising fear of an American takeover to discredit independence. Many Greenlanders have deeply ambivalent, and sometimes hostile, feelings towards Copenhagen. The history of Danish rule is littered with

“We are not for sale. We don’t want to be Americans, we want to be Greenlanders”

abuses committed against the indigenous Inuit, including forced resettlement and making thousands of young women use contraceptive devices without their consent. Greenlanders often face discrimination in Denmark. Trump has repeatedly suggested the US has much to offer Greenland economically, but has not convinced many Greenlanders. Even Broberg said he would not countenance securing independence with US support, although he is open to discussing unrestricted military access in exchange for generous financial packages — once Greenland has achieved independence. In Nuuk, there is no evidence of any American efforts to win Greenlanders’ hearts and minds. The US consulate appeared to have been closed for some time. The FT spent an hour knocking on

neighbours’ doors and asking passers-by whether they had ever seen anybody inside or spotted its Trump-appointed official. None had. Jørgen Boassen, the only well-known outwardly pro-Trump figure in Greenland, appears to be one of the few Greenlanders other than officials that US officials interact with. He told the FT he was in regular contact with two serving US ambassadors and Tom Dans, a Trump-appointed official working on Arctic affairs. He also showed messages he had exchanged with Nigel Farage and other influential European populists. For Sofie Amondson, a traditional seamstress, talk that America might try and take over Greenland was confusing and painful. “We are just healing from [Danish] colonisation,” she said. “I have had a bad feeling since last year, when he said he wanted to take us over.” Amondson had spent time in Inuit communities in Alaska and Canada. “They speak mostly in English, especially in Alaska. They told me their grandparents and parents, they were told not to speak their own language. They banned the language,” she explained. Other Greenlanders also look to Alaska, whose isolated Inupiat Inuit people live scattered in destitute villages and have struggled to maintain their language and traditions. “We still have them and we are under Denmark, they are under the Americans and they don’t,” said Overgaard, working her sealskin as snow whipped at her workshop windowpanes. “I don’t want this to be forgotten, to disappear.” [Gideon Rachman see Opinion](#)

Regional tensions

Canada must prepare for conflict in the Arctic, says ex-UN envoy

ILYA GRIDNEFF — TORONTO

Canada increasingly fears a conflict in the Arctic following the Trump administration’s threats to take over Greenland and its seizure of Venezuela’s oil reserves. Bob Rae, Canada’s recently retired ambassador to the United Nations, said US President Donald Trump had sparked global tensions unseen since the second world war. “We need to make sure that we’re stronger as a country in the face of these unprecedented threats,” he told the FT. “The Arctic security issue, which is a real issue, is one that continues to require a much stronger Canadian response.” Prime Minister Mark Carney travelled to Paris last week where he reiterated support for Denmark after the White House said it was exploring options including “utilising the US military” to acquire Greenland. Carney lands in China today, the first visit to Beijing by a Canadian prime minister since 2017, where increasing tension in the Arctic is expected to be raised. The US actions follow the release of a National Security Strategy in November

‘The Arctic security issue is one that continues to require a much stronger Canadian response’

that has been nicknamed the “Donroe doctrine” — a Trumpian update on the 19th century policy that sought to establish US dominance over the Americas. Oil-rich Canada has also been closely watching events in Venezuela after the US captured Nicolás Maduro and said it would control oil sales “indefinitely.” The US state department last week posted on X a picture of Trump and the words “This is our hemisphere” that does not mention Canada but reframes the region as a US sphere of influence. Kenneth Frankel, president of the Canadian Council for the Americas, said it was “almost irrelevant” to ask if the US and Canada remained allies as Ottawa now faced the same threats as Latin America. “The White House has explicitly said that it will go anywhere it needs to go to appropriate to itself or take all appropriate actions necessary to secure its sovereignty, economic and otherwise,” he said. Canadian energy minister Tim Hodgson warned last month that Canada was in Trump’s crosshairs. “This [NSS] document is a wake-up call,” he told Montreal-based La Presse. “This is especially true for Canada, given that our economy is the most integrated with that of the US.” Hodgson and the prime minister’s office both declined to comment. In May, Trump said it was “highly unlikely” the administration would use force to annex Canada, but regularly says it should be the 51st US state. Frank McKenna, chair of Brookfield Asset Management and a former Canadian ambassador to the US, said that despite the “existential threat”, Trump’s policies could be seen positively as they sparked government spending on infrastructure projects, increased military capabilities and they were shifting trading relations to Europe and Asia. Carney has pledged to raise defence spending by C\$8.1bn (US\$5.8bn) over the next five years to comply with Trump’s demand that Nato spends 2 per cent of GDP on defence by 2032. Much of that is being funnelled into boosting Canada’s Arctic presence. “There is a clear focus on the north, where defending the Arctic and safeguarding Canada’s sovereignty remains a top priority,” said a spokesperson for the minister of national defence.

Demographics

China’s Are You Dead? app checks on growing cohort of people living alone

JOE LEAHY AND WENJIE DING — BEIJING

An app called Are You Dead? that checks up on people living alone has become the most popular paid Apple Store download in China, in a sign of concerns created by the country’s rapidly changing demographics. The app, called *Sile Me* in Chinese, requires users to “check in” by pressing a button. If they fail to do so for two consecutive days, the app sends a message to an emergency contact. Are You Dead? has gone viral as an increasing cohort of Chinese young people are choosing to live alone rather than marry and have a family. Meanwhile, a

growing number of elderly people are being left isolated in their homes without relatives nearby to care for them. Wei-Jun Jean Yeung, a social demography expert at the National University of Singapore, said there was a need for apps that assist those living alone. “As fertility drops, life expectancy gets longer, marriages decline and divorce rates keep going up . . . all these are creating the trend of one-person households,” Yeung said. “Concern is real.” China, which handed over the title of most populous country to India in 2023, recorded its third consecutive year of population decline in 2024. The percentage of single-person

households in China rose to 19.5 per cent in 2024 compared with 7.8 per cent two decades earlier, according to the National Bureau of Statistics. More elderly people are living alone while there are fewer younger people to take care of them, particularly in rural areas that have seen many working age people migrate to the cities. An increasing number of young people, meanwhile, are choosing to stay single and live alone or are getting married later and having fewer children. One of the three young co-creators of the app, who identified only as Lyu, said target users were young people living alone in big cities, especially young

women around 25. These people were likely to “experience a strong sense of loneliness due to the lack of people to communicate with . . . accompanied by . . . worries about unforeseen events occurring without anyone knowing”. Biao Xiang of the Max Planck Institute for Social Anthropology said young Chinese people were brought up to believe that if they pursued their goals, they would achieve success. But this vision has been dashed by a slowing economy and fewer job opportunities. He said signing up to the app was a way of expressing quiet pessimism, similar to other trends that have swept through the younger generation such as

tang ping, or “lying flat”, and *bailan*, or “let it rot” that signal a ceasing to strive in the face of a hopeless situation. “When they download this app, I would read that as a kind of collective installation art. Actually they are expressing a certain confusion and a certain anxiety.” But many believe the app might have greater relevance for the elderly. Yeung said: “Living alone does not mean people need to be lonely but there is certainly that risk of becoming isolated from other parts of society. So there is a need to encourage people to connect and be socially engaged in a community,” she said.

Companies & Markets

Trump hits at Exxon over its cautious view on Venezuela

- CEO warns country is ‘uninvestable’
- US leader threatens to bar oil group

JAMIE SMYTH — NEW YORK
STEFF CHÁVEZ — WASHINGTON

Donald Trump said he might block ExxonMobil from investing in Venezuela after the US oil company’s chief executive said the country was “uninvestable” during a White House meeting last week.

“I didn’t like Exxon’s response . . . I’d probably be inclined to keep Exxon out. I didn’t like their response. They’re playing too cute,” the US president told reporters travelling on Air Force One on Sunday.

His comments come as the US government steps up negotiations with western oil groups in a bid to attract at least \$100bn in private-sector investment to help rebuild Venezuela’s oil sector.

‘I’d probably be inclined to keep Exxon out. I didn’t like their response. They’re playing too cute’

Most oil industry executives attending a White House meeting on Friday delivered optimistic messages to Trump about the prospect of reviving Venezuela’s oil sector. Production has plummeted to less than 1mn barrels a day over recent decades owing to mismanagement, corruption and US sanctions. But Darren Woods, Exxon’s CEO, struck a more sceptical tone, telling Trump that “significant changes” would have to be made before the largest US oil company would consider investing in the Latin American country.

“We’ve had our assets seized there twice and so you can imagine to re-enter a third time would require some pretty significant changes from what we’ve historically seen here and what is currently the state,” said Woods. “If we look at the legal and commercial constructs,

frameworks in place today in Venezuela, today it’s uninvestable.”

When pressed by Trump, Woods said Exxon would send a technical team to Venezuela within weeks to assess conditions. He also said he was “confident” that the changes needed for investment “can be put in place”.

Exxon did not immediately reply to a request for comment.

Woods’ remarks underline how some of the world’s biggest energy groups remain reluctant to rush into making big capital commitments in Venezuela even as Trump seeks to cajole them to help deliver his strategy. The US is looking to rebuild the nation’s oil industry and control the revenues to revive Venezuela’s economy and “benefit the United States”.

The FT reported last week that the industry was unlikely to commit to making big investments in Venezuela without legal, financial and security assurances from Washington.

When asked about guarantees for oil companies on Sunday, Trump said: “They’re going to be safe, that there’s going to be no problem and there won’t be, it’s not going to be a problem. They had problems in the past because they didn’t have Trump as a president. They had stupid people.”

Trump told reporters a lot of oil people were “really interested” in the opportunity in Venezuela.

Chevron, which is the only US company on the ground in Venezuela, said it could boost production by 50 per cent within 18 to 24 months by expanding its existing operations, which pump about 240,000 b/d.

The meeting at the White House came less than a week after Trump launched an audacious operation to capture Venezuela’s strongman leader Nicolás Maduro in Caracas and claim control of the country’s vast natural resources.

Jobs boost German defence groups launch hiring spree after Ukraine-led shift in thinking



Airbus, Germany’s largest defence sector employer, makes the Eurofighter Typhoon — Nicolas Economou/NurPhoto via Getty Images

LAURA PITEL — BERLIN

German defence contractors have gone on a hiring spree over the past four years, boosting employment in the sector by close to a third, as the EU’s largest economy embarked on a massive rearmament.

Almost 83,000 people worldwide worked in the defence-focused divisions at five of the country’s biggest players in the sector and four of its fastest-growing start-ups, according to data they supplied to the FT.

The figure is up from 63,000 in 2021, shortly before Russia’s full-scale invasion of Ukraine triggered a shift in European thinking about defence and security. That represents a 30 per cent increase.

The data, while not comprehensive, offers a snapshot of how Germany and its economy are changing as the country has poured huge sums into defence spending over the past four

years. Since 2022, Germany’s defence ministry has signed arms contracts worth a total of €207bn. Last year alone represented €83bn of that sum — up from €23bn in 2021.

Several hundred billion euros more is set to be spent on armaments in the years ahead after Chancellor Friedrich Merz eased the country’s strict rules on borrowing to allow as much spending as needed on defence.

The largest employer in the country’s defence sector is Airbus, the aerospace giant whose Germany-based defence division makes aircraft including the Eurofighter Typhoon combat jet and the A400M cargo plane. It has about 38,000 people working on defence worldwide, just over half of whom work in Germany, according to company data.

Rheinmetall, the Düsseldorf-based maker of tanks, artillery and ammunition, delivered the biggest growth in jobs of any of the survey respondents

in absolute terms — up from about 15,400 in 2021 to 23,500 today.

Chief executive Armin Papperger said in September that he expected that figure to hit 70,000 within three years, adding that Rheinmetall expected 300,000 applications this year.

The biggest relative growth came from Germany’s defence start-up scene. Helsing, which makes armed drones, has expanded its workforce 18-fold in four years after pivoting from a pure focus on AI-powered software to producing hardware also.

Hans Christoph Atzpodien, head of industry lobby group the BDSV, said that he expected the growth to accelerate after Germany sped up procurement processes. “Now everything is in place and you can see big orders are coming to the gates of the defence manufacturers,” he said.

[Assault on arms sector page 10](#)
[Lex page 22](#)

US credit card issuers fall amid threat of 10% rate cap

LAITH AL-KHALAF — LONDON
JOSHUA FRANKLIN — NEW YORK

Capital One led a decline in shares of US credit card issuers yesterday after Donald Trump called for rates to be capped at 10 per cent, as the US president tries to address Americans’ concerns over the cost of living.

Capital One shares were down 6 per cent, American Express dropped 4 per cent, Citigroup fell 3 per cent and JPMorgan Chase was 2 per cent lower.

London-listed Barclays, which has ambitions to grow its US consumer bank, dropped 2.4 per cent.

In a Truth Social post on Friday evening, Trump called for a 10 per cent cap to come into force on January 20, the anniversary of his inauguration, and that it should remain in place for a year.

The credit card business has in recent years become a lucrative one for banks. US credit card debt stands at about \$1.1tn, with an average interest rate of roughly 20 per cent, according to data from the St Louis Federal Reserve.

It was unclear how the Trump administration could seek to enforce a cap. Neither the White House nor US regulators have the power to set credit card interest rates and such a step would probably require an act of Congress.

But late on Sunday Trump stepped up his criticism of credit card issuers.

Speaking on Air Force One, Trump said that if companies failed to comply by January 20, “then they’re in violation of the law. Some of them are charging 28 per cent, almost 30 per cent.”

Banks have warned that a cap would cut off credit to lower-income consumers, driving them into the hands of less scrupulous lenders. They also say that higher interest rates are needed when providing unsecured credit to consumers who are more likely to default. A joint statement from several bank lobby groups criticised the idea, saying that “evidence shows that a 10 per cent interest rate cap would reduce credit availability” and that “this cap would only drive consumers towards less regulated, more costly alternatives”.

Jaret Seiberg, a financial services analyst at TD Cowen, noted that the proposed cap could limit credit card lending and expose banks to risk, adding that “both could hurt the economy”.

US Treasury secretary Scott Bessent might seek to push back on a 10 per cent cap, he added.

[Lex page 22](#)

Italian billionaire finally closes in on seizing control of Generali

BUSINESS INSIGHT

FINANCE

Patrick Jenkins



You can’t fault the man’s persistence. Francesco Gaetano Caltagirone, a construction-to-media billionaire in Italy, and a key ally of Prime Minister Giorgia Meloni, is shaping up for another assault on insurer Generali.

The 82-year-old has spent years trying to unseat chief executive Philippe Donnet and his board of directors, with the aim of nominating his own picks into a majority of the board seats — and thus gain control without having to go to the trouble, and expense, of buying the whole company. (Even Caltagirone’s vast wealth — up 50 per cent in a year to more than €8bn, according to Bloomberg — is a fraction of Generali’s €55bn market capitalisation.)

As a minority shareholder, the Rome-born entrepreneur’s efforts have always failed. With Generali’s annual shareholder meeting due in the next few months, his prospects are better. He, and allies, are now the leading investors in Banca Monte dei Paschi di Siena, the previously state-owned lender that last year launched an ultimately successful bid for rival Mediobanca, which in turn owns a leading stake in Generali.

As a result, Caltagirone and those in his ambit are reckoned to control close to a third of Generali’s shares.

This is a big deal for Caltagirone. His longtime obsession with the insurance

group is grounded in a mix of status enhancement and business opportunity. Generali is a major investor in the country with a vast real estate operation that could offer valuable opportunities for Caltagirone’s construction empire.

But his effort to seize control of the group is even more consequential for Meloni; aside from the state’s interest via its residual MPS stake, the close relationship with Caltagirone could further boost her influence over one of the country’s biggest buyers of government bonds. A decade and a half ago, Meloni was a minister in Silvio Berlusconi’s government when Italy was at the heart of the Eurozone financial crisis and the scars from that period have helped convince her that keeping a lid on government borrowing costs is vital.

She and her finance minister, Giancarlo Giorgetti, have overseen a disciplined reduction in the budget deficit and the cost of state debt. Italy’s 10-year bonds now trade at a premium of less than 1 per cent point over benchmark German Bunds. Back in 2012, that spread exceeded 5 percentage points.

What better way to support that stability, and help Meloni’s chances of re-election next year, than to boost further the already high level of domestically owned debt, and minimise the opportunity for aggressive foreign hedge funds to spark a crisis. With a little encouragement, Generali could feasibly increase that commitment. Along the way, the mutually beneficial relationship between Meloni and Caltagirone would be further strengthened.

His media titles have been supportive of her government. And legal changes

on corporate governance, and the mechanism for reprivatising MPS, have been helpful to him.

A snag is the criminal probe by the Milan prosecutor into alleged collusion during the MPS-Mediobanca takeover, notably between Caltagirone and another investor, Francesco Milleri, chair of Delfin, the holding company of the Del Vecchio family.

The ECB has also thrown a spanner into the work, local press reports say, by rejecting MPS’s plan for a change to its bylaws, which would have made it easier for Caltagirone to install his representatives on to the bank’s board.

Caltagirone’s sphere of influence may meanwhile be waning.

As the del Vecchio offspring squabble over the assets of the late family patriarch Leonardo del Vecchio, Milleri has been sounding out potential buyers for the Delfin stake in MPS, say people close to the situation.

Either way, the probe by the Milan prosecutor is likely to make Caltagirone wary of being too obviously aggressive.

But even staunch defenders of Generali’s independence confess it is likely a matter of when, rather than if, one of Italy’s most powerful industrialists bolsters his control over one of the country’s most powerful financial groups.

That would almost certainly involve Donnet and his groomed successor-in-waiting, Giulio Terzariol, being ousted.

Such an outcome may be good for Caltagirone. It may also be helpful for the Italian government. But you can probably expect Generali’s share price to come under pressure after a 22 per cent rise in the last year: being a pawn in a game of power politics is rarely consistent with generating shareholder value.

patrick.jenkins@ft.com

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Financials

UBS rails against bank capital reforms

Lender says proposals by Bern have already cost investors nearly \$40bn

SIMON FOY — LONDON
MERCEDES RUEHL — ZURICH

UBS has criticised the Swiss government for failing to properly consider less stringent bank capital reforms, arguing that proposals to significantly increase its capital requirements have already cost its investors nearly \$40bn.

UBS said plans for it to increase its capital requirements were “excessive, disproportionate, not internationally aligned and not targeted”, in a response

to a consultation on the reform package published yesterday.

Switzerland’s largest bank has been at loggerheads with the government for nearly two years over plans to force it to back its foreign subsidiaries with an extra \$23bn in common equity tier one capital — the most expensive form of bank capital.

The government has said that the move is necessary to mitigate the risk of a repeat of the collapse of Credit Suisse, which UBS acquired in a state-led rescue in 2023.

UBS said in its consultation response that the proposal would damage its ability to compete with international peers, would lead to higher borrowing and

service costs for all clients, and would “jeopardise the continuation of the successful UBS business model”. It added that the extra capital requirements

The plans ‘jeopardise the continuation of the successful UBS business model’

would increase UBS’s costs by \$1.7bn a year.

The bank also said that alternative proposals to the government’s “extreme” position, which would “have an equivalent effect at lower cost”, had

“not been given adequate consideration”.

“The [government] has rejected these [alternative proposals] because they do not meet the extreme objective of zero risk tolerance,” UBS said.

However, a cross-party group of Swiss politicians in December laid out a set of compromise proposals, which recommended considerably watering down the government’s original plans.

The lawmakers proposed allowing UBS to use additional tier one debt to cover up to half of the capitalisation of its foreign units, significantly reducing the overall capital hit, in a move that buoyed analysts and investors.

The rightwing Swiss People’s Party,

the largest in Switzerland’s parliament, last week said it backed the lawmakers’ alternative plan, in a further sign that a compromise could be getting close.

Its consultation document described the government’s proposals as “not proportionate” and expressed concern that parts of the sweeping banking reforms were being presented in isolation.

Its support was seen as important because the reforms to foreign subsidiaries are subject to parliamentary approval. Parliamentary debates on draft legislation are expected to start during the second half of this year.

The centrist FDP, the party of finance minister Karin Keller-Sutter, has also supported a compromise.

Automobiles

McLaren wins \$2bn boost to expand line-up and embark on ‘offensive’

KANA INAGAKI — LONDON

McLaren will invest more than \$2bn from its Abu Dhabi owner over the next five years to expand its line-up beyond two-seater supercars as the struggling British manufacturer seeks to break out of its “perilous” financial situation.

Since McLaren’s merger with upmarket UK electric-vehicle start-up Forseven Holdings in April last year, chief executive Nick Collins said the group had needed to move quickly to clear debt, reduce its stock of cars and turn itself around.

“The company was in a perilous position,” the former Jaguar Land Rover executive and Forseven boss said in an interview at McLaren’s new design centre in Oxfordshire, adding that “change was mandatory and it was urgent”.

CYVN Holdings last year acquired McLaren’s automotive business from Bahraini sovereign wealth fund Mumtalakat and has invested in McLaren’s Formula 1 team, which dominated the 2025 season. Abu Dhabi government-owned CYVN also backs Forseven and Chinese FV maker Nio.

McLaren’s automotive division had been lossmaking for years, hemorrhaging cash to such an extent that the development of new models was jeopardised. Following what Collins

‘The company was in a perilous position . . . change was mandatory and it was urgent’

described as “open heart surgery”, McLaren’s stock of cars to be sold to retail buyers was down 40 per cent from April, while warranty claims on quality issues were down 80 per cent.

“The climate is ripe for us to go offensive rather than defensive”, especially as rivals were restructuring their businesses to deal with higher costs and competition, he said.

According to its latest accounts, McLaren sold 3,189 vehicles in 2024, up 42 per cent from the previous year, while its loss shrank from £924mn to £177mn. Shortly after the merger, CYVN paid off McLaren Automotive Limited’s debt of about \$800mn.

Still, people close to the company said the combination of McLaren, which sells supercars, with a little-known start-up trying to launch its own luxury EV had caused anxiety among employees at the 62-year-old manufacturer.

The merger was followed by an exodus of executives, including the finance boss and those in charge of corporate strategy, turnaround measures and vehicle programme. Former McLaren chief executive Michael Leiters started his new role running German sports-car maker Porsche this month.

Despite CYVN’s acquisitive nature and resources, people who had dealings with the fund also questioned whether it had the expertise to “run a car company”. One person close to the company said CYVN’s expectations for McLaren were “aggressive” and put Collins under “big pressure” to deliver.

Collins said he was part of the CYVN team and that he talked to the chair “on a daily basis”. He added: “Any suggestion I’m under pressure from shareholders is laughable.” CYVN declined to comment.

Additional reporting by Samuel Agini in London

Financials. Diversification

Wells Fargo targets megadeals in Wall Street push

US lender takes on investment banking heavyweights after regulators lift \$2tn asset cap

AKILA QUINIO, JOSHUA FRANKLIN AND OLIVER BARNES — NEW YORK

A year ago, Wells Fargo put out the word to prospective investment banking clients: the Main Street lender was done punching below its weight on Wall Street and stood ready to cut big cheques to finance takeovers.

That fighting talk culminated in Wells’ \$29.5bn commitment to fund a large portion of Netflix’s deal to buy most of Warner Bros Discovery, in what the bank says is the largest financing of its kind ever.

Wells’s new appetite for megadeals contrasts with the 173-year-old lender’s reputation as an all-American consumer bank focused on “kitchen tables, not league tables”.

Freed from a punitive \$2tn asset cap by US regulators in June, chief executive Charlie Scharf is betting that he can turn the country’s fourth-largest bank by assets into a credible Wall Street player.

“I feel great about the progress we’ve made in the corporate investment bank,” Scharf told a Goldman Sachs conference in December.

By mid-December, Wells had advised on \$425bn of deals, four times what it managed in 2024, and it has lifted its position in the M&A rankings from 17th to ninth, according to LSEG. It is closing in on British investment bank Barclays and boutique Centerview Partners.

The push is not without risk to Wells. There is a long list of banks — including Credit Suisse, Deutsche Bank and Royal Bank of Scotland — that tried and failed to go up against heavyweights such as Goldman Sachs and JPMorgan.

Retail banks that have strayed into investment banking have previously come unstuck with risk management, struggled with culture clashes or failed to win enough business to justify the expense.

“History is littered with companies that have tried to build investment banks and have failed,” Scharf said.

“They’ve done it without a real competitive advantage. They’ve done it by hiring the wrong people at the wrong pace and focused on doing the wrong business. And there have been a select few that have gotten it really right.”

Scharf joined Wells as chief executive in 2019, charged with restoring the bank’s fortunes after a fake accounts scandal that landed the lender with a



Big ambitions: a Wells Fargo bank branch in New York. Below, chief executive Charlie Scharf

Michael Nagle/Bloomberg, Eduardo Munoz/Reuters

bill for almost \$8bn and restrictions that barred it from expanding beyond its 2017 size.

Scharf, a 60-year-old former protégé of Jamie Dimon, was a different kind of banker to the Wells executives that had come before him. People close to him describe Scharf as a shrewd and efficient

banker with a life-long appetite for deal-making that contrasts with the retail focus of previous management teams.

At Wells, Scharf has surrounded himself with former JPMorgan colleagues, including Doug Braunstein, who led JPMorgan’s US investment bank and is now vice-chair at Wells.

His strategy for the corporate and investment bank — led by his longtime collaborator and former JPMorgan executive Fernando Rivas — has focused on converting long-standing relationships with existing commercial clients into deal advisory and financing work.

Like JPMorgan and Bank of America, the San Francisco-headquartered lender benefits from a massive franchise of retail deposits that can help cheaply fuel its ambitions.

“They start from a much, much better place than virtually any other competitor who wouldn’t have their size or name recognition or same customer base up and down the spectrum,” said Scott Siefers, an analyst at Piper Sandler.

Wells has advised on the two biggest deals of 2025: Netflix’s \$83bn takeover of WBD and railway company Union Pacific on its \$85bn purchase of rival Norfolk Southern, a deal that will earn Wells a \$52.5mn fee.

But beyond that, Wells also advised cable company Cox on its \$34.5bn sale to Charter, as well as serving as sole adviser on industrial group Chart Indus-

‘History is littered with companies that have tried to build investment banks and have failed’

Charlie Scharf, chief executive

tries on its \$13.6bn sale to Baker Hughes. In total, Wells has generated \$3.1bn in investment banking fees, across areas such as M&A, equity and debt, the seventh highest of any bank, according to LSEG.

Rivas says the removal of the punitive cap is helping the bank in several ways. For starters, it does not have to spend an outsized amount of time and resources on proving to regulators that it has fixed gaping holes in its compliance culture and systems.

Wells can now flex its balance sheet to offer services to hedge funds, including prime brokerage, synthetic equity finance and repurchase agreements.

The bank’s newfound freedom from regulatory punishment is also helping recruit bankers. It was a beneficiary of the collapse of Credit Suisse, with many alumni finding a landing spot at Wells. Since 2022, 14 managing directors have arrived at Wells’ investment bank from Credit Suisse, about a sixth of the new hires.

Wells also brought in star Morgan Stanley technology banker Jeff Hogan to fill DeNunzio’s previous job as global M&A head last year.

While Wells Fargo’s investment banking ambition is a shift from its Main Street roots, the business remains very much a US one. Rivas added: “Uniquely for somebody of our size we’re 90 per cent a North American bank, so when America does well, we do well.”



Telecoms

Drahi revives sale of German network stake

KIERAN SMITH — LONDON

Telecoms tycoon Patrick Drahi has relaunched the sale of his 50 per cent stake in German superfast broadband network OXG Glasfaser, as the French-Israeli billionaire continues to explore ways to cut his debt pile.

Drahi, whose Altice unit partnered with Vodafone’s German operation to launch the network in 2023, sent teaser documents to buyers in recent weeks, according to three people familiar with the matter. OXG is valued at about €2bn, say estimates from New Street Research.

The attempted sale, which follows an earlier effort to find a buyer last year, comes as Drahi explores options to relieve a debt pile of more than \$50bn.

The tycoon is considering a sale of his €7bn French fibre network XpFibre and in October rejected a €17bn bid for French mobile operator SFR.

OXG committed to spending €7bn to

bring fibre broadband to more than 7mn homes in Germany over a six-year period following its launch in March 2023. However, progress has been slow, with the network reaching 500,000 homes by the end of last year.

The speed of the network expansion is expected to accelerate this year.

Infrastructure funds such as Antin, which lost out to Drahi when the network was launched, could be interested in a renewed offer, according to a person familiar with the matter. Antin declined to comment.

Any agreement to sell his stake will require Drahi to gain approval from Vodafone, which may complicate an attempt at a quick sale process. Vodafone declined to comment.

Drahi, who built a telecoms empire including operations in France, Portugal and the US via a \$60bn debt-fuelled acquisition spree a decade ago, has come under increasing pressure to refinance his debts due to rising interest

rates. Last year he finalised a deal with creditors to Altice France to cut its debt burden from €24bn to €15.5bn, while a similar deal could be struck to reduce the €8bn of debt held against his Altice International operation.

In November Drahi infuriated Altice International’s creditors by moving the bulk of the group’s assets out of their group of collateral, meaning they could not call on them should the debt not be repaid. The move was regarded by analysts as a threat to creditors ahead of a potential restructuring, in order to generate a more favourable deal for Drahi.

James Ratzer, analyst at New Street Research, said that although investors had been “sceptical” about other German fibre investments, OXG was a more attractive opportunity. “We are more optimistic of better returns [from OXG] given the potential to build a longer-term monopoly,” he added.

Altice did not immediately respond to a request for comment.

Food & beverage

Heineken chief van den Brink to step down

MADELEINE SPEED — LONDON

Heineken’s chief executive Dolf van den Brink is to step down after nearly six years in charge as weak consumer demand and growing alcohol moderation weighs on the Dutch brewing group.

Heineken, which brews Amstel, Birra Moretti and Cruzcampo, said yesterday that van den Brink would leave the company at the end of May, after concluding that “this is the right time to hand over his responsibilities”.

Van den Brink’s resignation comes at a challenging time for Heineken and the wider alcohol industry. Beer producers have been hit by weak consumer demand, a trend for alcohol moderation in the west, and currency volatility in Africa, a growth market.

At its full-year earnings next month, the brewer is expected to report a 2 to 3 per cent drop in beer sales by volume. The company said at its third-quarter

earnings in October that annual profit growth would be at the lower end of its forecast range of 4 to 8 per cent.

Analyst James Edwardes Jones at RBC Capital said it was not surprising that van den Brink had stepped down, given the returns he had delivered to shareholders since his appointment.

“He arrived with high expectations,

Dolf van den Brink is to leave in May after concluding ‘this is the right time to hand over his responsibilities’

board, Peter Wennink, who assumed the role in April last year, said that the board would embark on a search process for a successor.

Citigroup analyst Simon Hales said that the lack of a clear succession plan was a break with Heineken’s history and might be of concern to investors.

In his nearly six years as chief executive van den Brink oversaw a period of historic cost inflation and sharp price rises, as well as a major cost-cutting and restructuring programme.

To counteract the growing trend for moderation among beer drinkers, Heineken under van den Brink has sought to highlight the social benefits of drinking, including through an advertising campaign that positioned drinking its beer as an antidote to excessive screen time.

In an interview with the FT in October, van den Brink said beer’s qualities as a “social lubricant” should play a role in the debate about alcohol’s harms.

COMPANIES & MARKETS

Secretive powerbroker Fainé keeps tight grip on corporate Spain at helm of Caixa

Octogenerian head of €37bn foundation prepares for most critical battle of his career as tenure comes up for renewal

BARNEY JOYSON — BARCELONA

Isidro Fainé, an austere octogenarian and one of Spain's most powerful men, carried a secret to a Telefónica board meeting one Friday last January.

Fainé, a director of the telecoms group, knew José María Álvarez-Pallete would be fired as chair that afternoon, but said nothing to the man he had known for years, according to people familiar with the matter.

The 83-year-old leads the Caixa Foundation — an unorthodox, €37bn investment giant that, like the Spanish state, owns 10 per cent of Telefónica — and spoke to Prime Minister Pedro Sánchez the previous day to discuss Álvarez-Pallete's dismissal.

Their conversation set a timer on Spain's biggest corporate explosion of the year, but Fainé then retreated into the shadows. After he ghosted Álvarez-Pallete on the Friday morning, it was a Caixa lieutenant who attended a 5pm meeting where a Sánchez adviser told the Telefónica chair the news.

It was a textbook operation for the power-hungry introvert, who inspires reverence and fear in Spain.

Fainé is president of one of Europe's biggest philanthropic foundations, a 121-year-old institution that ranks behind only the Wellcome Trust and the Novo Nordisk Foundation in assets. In that role he pursues two incongruous goals: helping society's most vulnerable while keeping a whip hand over jobs and deals at some of the biggest companies in the EU's fourth-largest economy.

“He is using this altruistic vehicle to take on a disproportionate level of corporate power,” said one investor from Catalonia, the foundation's home region. “There's a question mark there.”

Fainé's influence stems not only from his control of €37bn but also from the lending, advertising and hiring clout of the companies the foundation partially owns. Chief among them is CaixaBank, where its stake is 51 per cent, but there are also Naturgy, a gas-oriented energy group, and Telefónica.

After the Telefónica chair's firing, the Spanish government said all the company's main shareholders, including the Caixa Foundation, had backed the move. But a foundation official said that “at no point” in the conversation with the prime minister “did Mr Fainé express his agreement with that decision”. The official added that Fainé informed Álvarez-Pallete “privately” that he was being ousted. Álvarez-Pallete declined to comment.

Fainé's power also flows from the hundreds of millions of euros in annual donations that the foundation allocates to “social programmes”, including child poverty alleviation, job training for ex-convicts and medical research. Funding palliative care for the terminally ill is one of Fainé's signature priorities.

In Spain, Fainé is synonymous with the Caixa Foundation. “It's strange that such a big entity depends on one person,” said one senior figure from the Caixa orbit who has known him for years. “That should worry all of us.”

Fainé's age and health are provoking murmurs about how long he can retain his clout, with his term as foundation chair up for renewal this year. Although that decision officially lies in the hands of the foundation's board, the stakes are so high that it is becoming a political battleground.

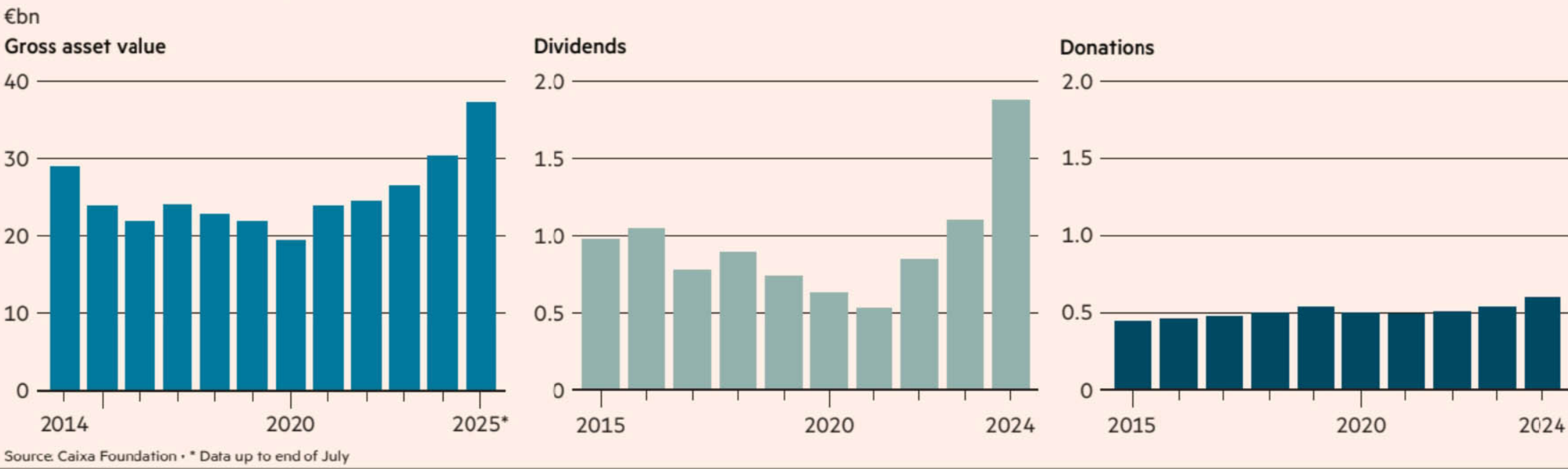
Steel and spirituality

This account of Fainé is based on interviews with more than 20 current and former Caixa directors and executives, government officials, and investors and business leaders from Catalonia, most of whom spoke on the condition of anonymity to avoid possible repercussions.

They paint a picture of a gifted talent-spotter and a coach who has imbued generations of executives with his folksy wisdom on “humanistic” leadership.



The Caixa Foundation's gross asset value and dividend receipts are rising, while donations remain steady



Isidro Fainé presides over a 121-year-old philanthropic institution that ranks behind only the Wellcome Trust and the Novo Nordisk Foundation in assets — FT montage/ Europa Press/Getty Images

Most agree Fainé is a zealot with a prodigious work ethic, a man determined to reap dividends from the foundation's investments to maximise its charitable donations.

“The goal of his life is to help others,” said Jordi Gual, a former chair of CaixaBank and now a professor at Iese, a business school. “It's the fulfilment of his mission.” Fainé himself studied at Iese, which is backed by the secretive Roman Catholic group Opus Dei.

Others describe a ruthless and untrusting man. Fainé exercised “absolute” control at the foundation despite being accountable to a board and bound by a governance rule book, said one person who has worked with him. Lieutenants perceived to be threatening his status have been expelled, according to people familiar with the dismissals.

The Caixa Foundation said such descriptions of Fainé were “subjective statements and opinions with no basis or truth whatsoever”. It said he “scrupulously” complied with Spanish law on bank foundations and that the Caixa Foundation “does not depend on a single person”. Suggestions to the contrary showed “a lack of respect for the dignity of the board of trustees as a whole”, it added, noting that the board's 15 members include Pablo Isla, former chair of Inditex and the new chair of Nestlé.

Fainé is about more than pure financial might. In clubby modern Spain his story highlights the entanglement of business not only with politics but also with religion. A devout Catholic with eight children who is widely believed to be a member of Opus Dei, Fainé attends mass almost every day, has named Jesus Christ as his inspiration and embraces a dictum that “one hour of work is one hour of prayer”.

He is “very contained, sort of tense”, said the senior figure who has been in the Caixa orbit. “You detect a very intense personality. . . . He realises there cannot be many years left and that makes him even more driven.”

Fainé is the only member of a generation who reshaped Spanish finance to still hold a top job. As chair from 2007-16 of what is now CaixaBank, Spain's biggest lender, he was a peer of the late Emilio Botín, who globalised the family bank Santander, and of Francisco González, who transformed BBVA.

Botín and González “liked money”, said Luis Conde de Seeliger & Conde, a Barcelona headhunter who has known all three. “Fainé likes influence — and using it to assist others.”

His origins were humble. Born into an illiterate Catalan peasant family, he started working in a Barcelona bicycle repair shop at the age of 13. He stayed in school and eventually went to university, but not before teaching his own parents to read and write.

A series of banking jobs led him to the top of La Caixa, a regional savings bank subsequently renamed CaixaBank, which he steered through the bursting of Spain's property bubble and the Eurozone economic crisis. As the only savings bank to emerge from those years largely unscathed, it took over several troubled peers — moves that helped the crisis-era government and satisfied Fainé's desire for empire building.

In 2014, when the savings bank was required by law to become a normal commercial lender, Fainé seized on the reorganisation to add the chairmanship of the Caixa Foundation to his roles. As the foundation owned 59 per cent of CaixaBank, he had taken control of his own bank's biggest shareholder. But that clashed with European Central Bank rules. In 2016 he was required to drop one job and chose to step down as the bank's chair.

The foundation descended from an organisation with its own origins in hardship: La Caixa was founded in 1904 with capital from the Catalan business elite and the Spanish king to provide assistance to families affected by civic unrest. It evolved into a project to encourage the working class to save and

in the 1970s began investing in listed companies.

An unconventional portfolio

Its equity stakes, held by a unit called CriteríaCaixa, reflect Fainé's preference for stability and dividends. “He likes big investments and simple things,” said the person who has worked with him. “Don't talk to him about return on equity or return on capital employed. He's not interested. His attitude is: ‘I want dividends. Where do dividends come from?’”

The answer is mostly utility-like businesses such as Telefónica and Naturgy, where its stake is 26 per cent, as well as water supplier Aigües de Barcelona, waste and water group Veolia and car park operator Interparking.

But critics say the portfolio is riddled with governance oddities. Marc Murtra, whom Fainé helped install as Álvarez-Pallete's replacement at Telefónica, has a seat on the Caixa Foundation board, as does Francisco Reynés, Naturgy's chair and chief executive, who is also vice-chair of CriteríaCaixa. The senior figure from the Caixa orbit asked: “Do they think it is normal that they are members of the board of the institution that invests in them?”

The foundation said the dual roles of Murtra and Reynés were “perfectly normal and lawful” and noted that the foundation's statutes regulate the management of any potential conflicts of interest with the companies they chair. Murtra and Reynés declined to comment.

Its portfolio is highly concentrated in Spain, although it has diversified in recent years. It says its direct international exposure is about 14 per cent, but that its indirect foreign exposure — which includes the overseas operations of its Spanish businesses — is 35 per cent.

Riding the biggest equity trend of the past 15 years, the rise of US tech stocks, was never a Caixa priority. But as part of

‘He is using this altruistic vehicle to take on . . . corporate power. There’s a question mark there’

‘It’s strange that such a big entity depends on one person. That should worry all of us’

its diversification it has taken stakes in groups including Alphabet, Microsoft and Amazon that were worth a total of €500mn in mid-2025.

Still, one former executive at a company in which the foundation is an investor said: “There is not a single institution of its size in the world that has such a concentration of risk. But that isn't easily resolved.”

Spreading assets more widely would mean reducing its biggest stakes and giving up the attendant board seats, which Fainé prizes. Investing more outside Spain would dilute the foundation's ability to act as what some call an unofficial Spanish sovereign wealth fund.

After Saudi group STC said it was taking a 10 per cent stake in Telefónica in 2023, the foundation boosted its own holding to serve as a counterweight along with Spain's state holding company Sepi. When Abu Dhabi energy group Taqa opened talks to acquire a Naturgy stake from other shareholders, the foundation's insistence on maintaining Spanish control ultimately drove it away.

The foundation — whose asset base is nearly four times larger than Sepi's — said it did “not have a mission to support the Spanish economy”, but added that its size meant its activity ultimately had “a positive impact in terms of prosperity and stability for the country”.

A battle to survive

Fainé's response to internal threats is also uncompromising. In April he ousted Ángel Simón, chief executive of CriteríaCaixa and the lieutenant who attended the Telefónica firing, as he was growing in stature and promoting alternative ideas, according to people familiar with the dismissal.

In 2014 he precipitated the resignation of Juan María Nin, then chief executive and deputy chair of CaixaBank, for similar reasons. Fainé's allies say he was showing “courage”.

At the end of 2024, Juan José López Burniol, a foundation vice-chair, resigned after a boardroom argument with Fainé. López Burniol, Nin and Simón declined to comment.

Fainé demanded loyalty and had fostered “an air of conspiracy at the upper echelons” of the foundation, said the senior figure from the Caixa orbit. He asks some visitors to leave their phones outside his office before meetings.

While he has never confirmed or denied membership of Opus Dei, Fainé told journalist José García Abad in a 2020 book that he had attended the beatification of its founder and had been to “a few spiritual retreats” but stressed: “No one from Opus has ever helped me with anything, and I certainly haven't taken part in anything beyond strictly religious matters.”

As the end of Fainé's term looms, people close to the organisation expect Opus Dei members both inside and outside the foundation to back him to retain his role. Fainé's own objective was clear, said the former executive at a Caixa portfolio company: “He's seeking another term. He wants to die with his boots on.”

Fainé is seen as an enemy, however, by another crucial faction: those who want Catalonia to break away from Spain. They have not forgiven him for shifting the foundation's domicile out of Catalonia during a separatist crisis in 2017, a decision reversed last year. But pro-independence politicians see a post-Fainé foundation as potentially useful to their cause.

Then there is Pedro Sánchez's Socialist party, which oversees bank foundations via the economy ministry. The Caixa Foundation has already proved its value as an aid to industrial policy but party officials are not satisfied with its transparency or governance.

For Fainé, an ageing master of power games, that means his most critical battle yet is about to begin.

Technology

Meta appoints Powell McCormick as president and vice-chair

ZEHRA MUNIR — NEW YORK
HANNAH MURPHY — SAN FRANCISCO

Dina Powell McCormick, a former senior official in Donald Trump's first administration, is joining Meta as president and vice-chair focused on its AI investments.

Powell McCormick, who spent 16 years in senior roles at Goldman Sachs, is joining the tech giant's management team after she served on its board of directors last year.

McCormick served as deputy national

security adviser to Trump in his first term and also served in George W Bush's administration. In the wake of Trump's election win just over a year ago, chief executive Mark Zuckerberg has publicly courted the president, relaxing Meta's moderation policies to appease MAGA fears over censorship and hiring Republican allies to key positions.

Internally, Republican operative Joel Kaplan was promoted to chief global affairs officer. Dana White, Ultimate Fighting Championship chief executive and a close friend of Trump's, was also

appointed to Meta's board, as was Powell McCormick.

The appointment of the banking heavyweight to the new strategic role comes as Zuckerberg pours billions of dollars into his bet on building “personal superintelligence” to compete with AI rivals such as OpenAI and Google. As part of the push, he has escalated Meta's spending on costly AI infrastructure and dealmaking.

Meta said Powell McCormick will help to manage its data centres and energy investments. She will also “drive an

effort to build new strategic capital partnerships and find innovative ways to expand our long-term investment capacity”, it said. “Dina's experience at the highest levels of global finance, combined with her deep relationships around the world, makes her uniquely suited to help Meta manage this next phase of growth,” said Zuckerberg.

Last year, Meta began undertaking complex financial transactions to pay for the data centres and chips that will power its AI models, tapping corporate bond markets and private creditors.

Contracts & Tenders



Italgas S.p.A.
Registered Offices: at Via Carlo Bo ro. 11, Milan
Share capital: 1,257,145,868.92 euros, fully paid-up
Milan Company Register Number - Tax Code 09540420966
R.E.A. Milan no. 20971557
Company belonging to the "Italgas /AT Group"
VAT No. 10538260968

NOTICE REGARDING THE APPLICATION OF INCENTIVE-BASED COMMITMENTS ATEM PESCARA AND SAVONA 1

Communication pursuant to the Resolution of the Italian Competition Authority of 6 March 2025

Italgas S.p.A. (hereinafter, "Italgas") hereby announces that, following the publication in the Official Journal of the European Union of the call for tenders for the award of the concession for the natural gas distribution service in the ATEM (Minimum Territorial Area) Pescara on 23 December 2025 and of the call for tenders for the award of the concession for the natural gas distribution service in the ATEM Savona 1 on 24 December 2025, the incentive-based commitments set out in resolution No. 31476 adopted by the Italian Competition Authority ("Autorità Garante della Concorrenza e del Mercato", hereinafter the "Authority") at the meeting held on 6 March 2025, closing proceeding No. C-12688, as subsequently amended (hereinafter, the "Resolution"), shall apply.

In particular, with regard to the ATEM Pescara and Savona 1, Italgas must allow the operator awarded the ATEM tender to benefit from the incentive-based commitments provided for under Section II-A-1 of the Resolution.

Among the commitments provided, the one relating to the so-called *Transitional Service Agreement* ("TSA") is also included. The term sheet for this agreement is attached to the full notice, which is available on the company's website at www.italgas.it/en by following this path: "What we do" -> "Gas" -> "Anti-trust Compliance Requirements".

COMPANIES & MARKETS

Financial services

Hargreaves taps US rival for next chief

‘DIY’ site picks Vanguard veteran Benchener to replace Flint in top job

EMMA DUNKLEY

Hargreaves Lansdown, the UK’s biggest “DIY” investment site, has hired Matt Benchener from US asset manager Vanguard to become chief executive.

The Bristol-based investment site, which was acquired by private equity firms including CVC Capital Partners in a £5.4bn takeover that completed last year, said yesterday that Benchener

would join in March and take the top job in July.

He will replace Richard Flint, who will resume his position as a non-executive on the board and become deputy chair. Benchener will leave his role as head of Vanguard Personal Investor, the US retail direct investment business of the world’s second-largest fund manager.

Benchener’s appointment comes less than a year after Dan Olley stepped down as Hargreaves Lansdown chief executive, having taken the top role in August 2023.

Hargreaves Lansdown last month hired Doug Abbott from low-cost invest-

ment pioneer Vanguard as chief product officer.

The UK platform, which pioneered selling funds directly to individuals in

Benchener will leave his role as head of Vanguard Personal Investor and join the UK business in March

the country, oversees more than £172bn and has about 2mn customers, providing Isas, personal pensions, shares and funds.

The firm was co-founded in 1981 by Peter Hargreaves and Stephen Lansdown, and was listed on the London Stock Exchange in 2007 until the takeover by the consortium that included Nordic Capital and the Abu Dhabi Investment Authority.

Bruce Hemphill, chair of Hargreaves Lansdown, said the company was “extremely pleased” to have secured Benchener’s “deep expertise”.

He said that under Flint the firm introduced new private markets products for retail investors, after striking a deal to sell Schroders private assets funds on its site through self-invested

personal pensions. Flint also oversaw the appointment of Simon Belsham as chief client officer, Lisa Hillier as chief people officer and Angela Yotov as chief legal officer.

The investment site’s board has also been overhauled, with Peter Hargreaves stepping down as a non-executive last year and handing his position to his son Robert. He had rejoined the board earlier in the year to “provide continuity” after the sale of the business.

The move marked a symbolic end to Hargreaves’ involvement in the business, although he continues to hold a stake.

Aerospace & defence

Airbus meets its reduced 2025 target for commercial jet deliveries

SYLVIA PFEIFER — LONDON

Airbus delivered 793 commercial aircraft last year, narrowly beating a reduced target announced in December, but the world’s largest planemaker warned of a “continued complex and dynamic operating environment”.

The European aerospace and defence group last month cut its target from about 820 aircraft to roughly 790 after problems with its best-selling A320 family of narrow-body jets, including a quality issue with fuselage panels and an urgent software upgrade, but reaffirmed its financial goals for the year.

Aircraft deliveries are closely monitored by investors as they are an important source of cash for manufacturers, as well as an indicator of the health of the industry’s supply chain.

Airbus has struggled with persistent supply chain challenges, including a shortage of engines and cabin interiors, as it has tried to increase output of its aircraft to meet surging demand from airline customers.

The company yesterday said it delivered 607 of its benchmark A320s last year. The model has faced the brunt of the delivery delays.

Christian Scherer, outgoing chief executive of Airbus Commercial Aircraft, said it continued to face engine issues, notably with those made by America’s Pratt & Whitney. P&W is one of two engine suppliers to Airbus’s A320neo family of single-aisle jets.

“It is an issue that we need to resolve,” Scherer told reporters on a call.

Although Airbus has comfortably retained its crown as the world’s largest planemaker by deliveries, its arch-rival Boeing appears on track to snare the prize for the most orders for the first time this decade.

Airbus yesterday said that it secured 1,000 gross orders, which exclude cancellations, last year, taking its backlog at the end of December to a record 8,754. The wide-body backlog also reached a year-end record of 1,124 aircraft. Airbus booked 889 net orders.

Boeing had booked 1,000 gross orders by the end of November or 908 after cancellations. The US group had delivered 537 aircraft by the end of November, putting it on track for its highest number of deliveries since 2018.

The US company, which releases its figures for 2025 today, has made steady progress fixing production issues under chief executive Kelly Ortberg, who took the helm in August 2024.

The company cheered investors last month when it reaffirmed that it would generate billions of dollars in free cash flow in 2026.

Asked about Boeing’s sales success last year with its wide-body aircraft, Scherer said it was “undeniable” that Boeing had benefited from “political backing”. The US group secured large orders for some of its wide-body aircraft, including the 787 from Qatar, during a visit from President Donald Trump.

“Fair enough,” Scherer said. “What it means for us is that we just have to be more convincing than our competitor and its political support on the quality of our product, of our people, of our professionalism. It’s actually quite motivating to see Boeing back in the major league after so many years. It’s a good thing, this competition.”

Aerospace & defence. State intervention

Trump’s assault on arms sector rattles investors

Threat of curbs on US rewards alongside potential boom in spending puts sector in limbo

SYLVIA PFEIFER — LONDON
CHRISTIAN DAVIES — NEW YORK

Donald Trump’s sweeping order for US defence companies to invest more in new factories or be forced to limit shareholder returns is fraught with risk, industry experts have warned.

The US president’s executive order on Wednesday outlined curbs on dividend payments, share buybacks and executive pay but offered little guidance of how performance might be judged, or how penalties could be imposed. The order was followed by Trump’s call for Congress to boost military spending by 50 per cent to \$1.5tn for 2027.

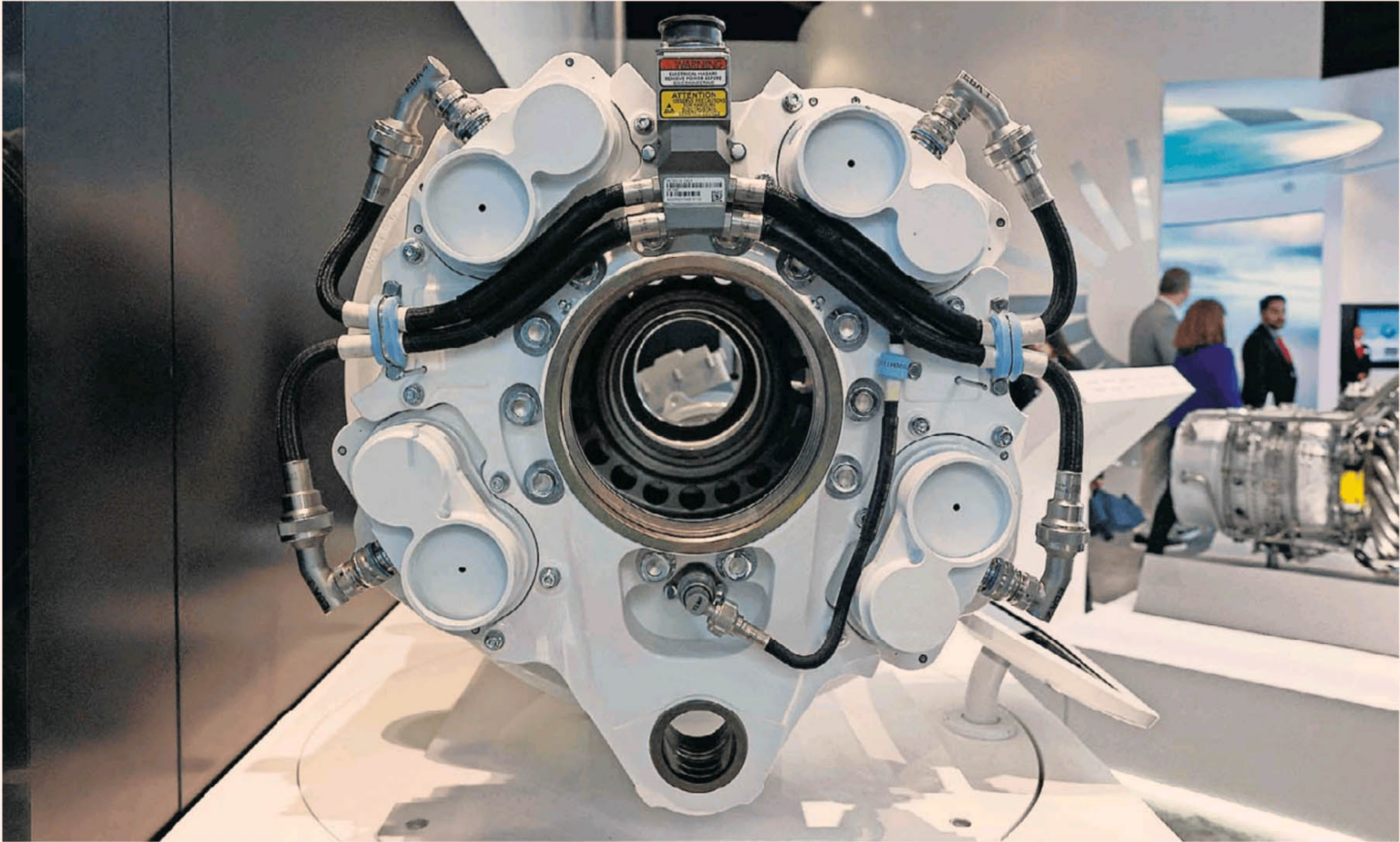
The threat of drastic curtailment of shareholder and executive rewards, coupled with a potential boom in spending, has left the defence sector in limbo and investors on edge. “If the shareholder view is that the carrot is always out there somewhere in the future but the industry will keep getting beaten with a stick, then there is a danger that this drives capital out of these businesses — not into them,” said Byron Callan, analyst at Capital Alpha Partners.

Trump has launched frequent attacks on the industry over delayed and over-budget programmes. He has repeatedly called for a better-funded military with recent actions, including in Venezuela, underlining the administration’s reliance on established contractors. He has made overhauling the Pentagon’s procurement a priority, with a focus on ending cost overruns and delays.

Contractors have also been criticised for not investing enough of their own capital in expanding production, amid surging demand following Russia’s invasion of Ukraine four years ago.

Trump described the pay packages of defence executives as “exorbitant and unjustifiable” in a social media post on Wednesday before issuing the executive order for companies to build new plants to deliver and maintain this “important equipment”. In his post, Trump capped potential pay at \$5mn annually — a “mere fraction” of current levels — until new production facilities are built.

Shareholder returns by the largest defence companies outpaced investment over 2023 and 2024, according to analysts at Jefferies. The companies returned close to \$50bn to shareholders while reinvesting \$39bn over the two-



Raytheon parent RTX is among defence operators with significant commercial operations
Arthur Thomas/Abaca/Reuters

year period. However, some of the groups — notably RTX, the parent company of Raytheon — also have significant commercial operations. Boeing returned no capital as it has focused on rebuilding its balance sheet.

Jerry McGinn, a former Northrop Grumman executive and director of the centre for the industrial base at the CSIS think-tank in Washington, noted that despite Trump’s threats, his administration had recognised the need for the US government to offer better incentives for long-term investments.

On Tuesday last week, the Pentagon announced a framework agreement with Lockheed Martin to produce Patriot missiles over a seven-year period — a much longer-term commitment than most government contracts for such a programme. “We will award companies bigger, longer contracts for proven systems so those companies will be confident in investing more to grow the industrial base that supplies our weapons systems more and faster,” defence secretary Pete Hegseth said.

Eric Fanning, president of trade body the Aerospace Industries Association,

said the industry welcomed the administration’s “focus on accelerating the acquisition process”, adding that providing “stable demand signals and clear requirements” would drive investment.

RTX, L3 Harris, General Dynamics and Boeing all declined to comment. Lockheed Martin and Northrop Grumman did not immediately respond to requests for comment.

Trump’s executive order stipulates that Hegseth has 30 days from January 7 to review the performance of contractors and identify any falling short, including from “underperforming” on their contracts to failing to invest in production capacity. If remediation measures fail, Hegseth can use a number of legal and regulatory channels, such as the Defense Production Act, to initiate “immediate actions to secure remedies”.

According to the order, Hegseth has 60 days to ensure that any future contract contains a provision prohibiting any share buybacks and dividends during a “performance of underperformance, non-compliance with the contractor’s contract, insufficient prioritisation of the contract, insufficient investment

‘There is a danger that this drives capital out of these businesses — not into them’

or insufficient production speed as determined by the secretary”.

The order also mandates that executive compensation be tied to non-traditional financial metrics such as on-time delivery and increased production.

However, analysts said it was unclear what legal basis the government had to enforce capital return restrictions.

Callan of Capital Alpha warned that limiting pay could affect the ability to “recruit and retain senior executives”. Companies “may have to do something symbolic” when they announce results for the full year in the coming weeks, such as suspending buybacks, he said.

For investors, the concern is that Trump’s intervention could change the investment case for these companies, traditional “value stocks”.

In the meantime, said McGinn of CSIS, companies would likely hold off on dividends and buybacks in the near term in order to avoid a political backlash. But in the absence of the right incentives from the Pentagon, “they’re not going to throw money down a hole because the government tells them to”.

[See Lex](#)

Shipping

Maersk seeks to raise use of ethanol in vessels

RICHARD MILNE
NORDIC AND BALTIC CORRESPONDENT

The world’s second-largest container shipping line is looking at boosting the use of ethanol as a green fuel for its vessels, which could reduce its dependence on China and soften Donald Trump’s resistance to decarbonisation.

China dominates the market for clean energy fuels such as “green” methanol, and Denmark’s AP Møller-Maersk wants to use more ethanol — of which the US and Brazil are the top two producers — to diversify supplies, said Vincent Clerc, chief executive.

“If all the upside is only in China, then some countries will object,” Clerc told the FT. “But if the upside is more evenly distributed, then more countries will support it . . . It will make the green transition something that more countries can see an upside to.”

The comments by Clerc come as shipping, one of the most polluting industries but the backbone of global trade, grapples with how to decarbonise. The US blocked efforts in October to agree a

climate deal for the shipping sector. Executives hope the importance of ethanol to US farmers and large agricultural businesses could help overcome the president’s scepticism of decarbonisation efforts.

Maersk has started testing ethanol as a fuel for its Laura Maersk container ship. It began with a blend of 10 per cent

It began with 10% ethanol and 90% methanol in October, before moving to a 50-50 mix in December

ethanol and 90 per cent methanol in October, before moving to a 50-50 mix in December. It hopes to trial 100 per cent ethanol eventually.

Clerc, who took the top job in January 2023, said ethanol had the benefit of being able to scale rapidly and without much of a green premium to be paid.

However, he added that some issues involved in production and certification remained. “It is an industry that is in

overcapacity both in the US and in Brazil, and therefore could offer some immediate scale and positive impact on the carbon footprint,” he said.

Green fuel production outside of China has been slow. Ørsted, the renewable energy group, scrapped a project for e-methanol in Sweden in 2024.

“In general it is a concern if there is only one country that can produce the energy of the future. Today, it looks like China is by far the most competitive producer of green methanol. Not all of our ships go to China, not all of our ships can depend on energy from China,” Clerc said. The Maersk boss added that diversification “might help over time break the deadlock” at the International Maritime Organization on climate rules.

Container shipping has enjoyed a robust year as the strength of Chinese exports balanced the tariffs Trump imposed on many countries.

Clerc said that he was monitoring whether US tariffs would have spillover effects on the global economy but “the strength that we have seen in markets shows no sign of abating”.

Property

British Land boss to leave for role at P3 Logistics

PHILIP GEORGIADIS AND
CHRIS JOHNSTON — LONDON

Simon Carter is to step down as chief executive of British Land to join a warehouse developer backed by Singapore’s sovereign wealth fund.

The FTSE 100 real estate owner yesterday said Carter would leave after serving a 12-month notice period to become CEO of P3 Logistics Parks, a GIC-owned investor and developer of logistics properties in Europe.

Carter has been chief executive of British Land since 2020 and steered the company, which owns a £9.8bn portfolio of offices, mixed-use developments and retail parks, through its response to the Covid-19 pandemic and the subsequent rise in interest rates.

Under Carter, the UK landlord amassed a portfolio of retail parks while also holding steady on its London office portfolio, both of which are seeing a boost from supply shortages.

The “contrarian calls” made during the Covid-19 pandemic to invest in retail parks had “positioned British

Land for long-term success”, said Carter. “I will be leaving the business with market-leading positions in London campuses and retail parks — both of which are benefiting from strong rental growth in supply-constrained markets,” he said in a statement.

British Land said it would undertake a search process to identify a replacement for Carter. Jefferies analyst Mike Prew

British Land said it would seek to find a successor for Simon Carter, who has been at the helm since 2020



wrote in a note that there were no obvious internal candidates for the role.

The company’s shares fell 3.8 per cent yesterday. The stock has risen 18 per cent over the past 12 months but is down more than a tenth in the past five years, giving the group a £4bn market cap.

British Land’s property portfolio was valued at £9.8bn as of September 30 last year, 1.2 per cent higher than 12 months

previously. However, the portfolio was valued at £12.3bn in 2019 before falling 10 per cent the following year.

The company’s historic focus on retail property and offices meant it missed out on growth in other parts of the real estate market, such as warehouses and student housing.

Carter belatedly sought to build a portfolio of urban warehouse assets at British Land but the initiative did not meaningfully progress.

The company’s mixed-use developments include Broadgate at Liverpool Street in the City, Paddington Central and Regent’s Place.

Analysts at Peel Hunt said in a note last week that British Land’s portfolio of London retail parks and campuses was set for further rent increases, partly owing to a shortage of quality space.

Panmure Liberum analyst Tim Leckie said that while British Land was “arguably” late to pivot to retail parks and logistics, navigating a company exposed to shopping centres and offices through the pandemic was “no small challenge” for Carter.

COMPANIES & MARKETS

Derivatives. Arbitration

Hedge funds battle over CDS payouts at junk issuer Ardagh



Rare public fight triggered by contentious restructuring of drinks-container group’s debt

EUAN HEALY AND ROBERT SMITH
LONDON

Investors that bet on a default at one of Europe’s largest issuers of junk debt are set to receive hundreds of millions in insurance payouts following a public spat in which hedge funds locked horns over the complex derivatives linked to the company’s bonds.

The dispute was related to credit default swaps – an insurance-like derivative product designed to provide protection against default – on the debt of Ardagh, one of the world’s biggest producers of drinks containers, which recently underwent a contentious restructuring.

A panel of experts that adjudicates disputes in the multitrillion-dollar global CDS market became the target of a fierce lobbying battle, in a rare public spat that pit London-based Arini Capital Management against rival funds.

“This is about having a market that actually works,” said one credit investor with exposure to Ardagh’s CDS. “The product is there to insure people.”

Ardagh was transformed from a local company into a multinational operation spanning Europe, the US and Africa by Irish entrepreneur Paul Coulson, a former accountant known as “The Cooler”. He built Ardagh through a number of debt-funded buyouts, becoming a titan of junk-bond markets.

Coulson ceded control of Ardagh to a group of its bondholders in a restructuring formally agreed in October. The deal secured \$300mn for the company’s

shareholders, including just over \$100mn for Coulson.

Arini, which has grown rapidly to manage more than \$11bn in assets after it was founded in 2021 by ex-Credit Suisse star trader Hamza Lemssouguer, argued that if certain lower-ranking Ardagh bonds were included in the process to determine CDS payouts it could produce “arbitrary and absurd results”.

After fielding arguments from funds on both sides of the debate, the so-called Credit Derivatives Determinations Committee ruled on Friday that Ardagh’s lower-ranking senior unsecured bonds would be included, meaning that investors who sold the protection are now set to hand over higher payouts.

Arini was one of Ardagh’s biggest bondholders and was involved in efforts to secure the restructuring deal. It has also sold large amounts of Ardagh CDS to investors seeking protection against a default, according to several people familiar with the matter.

The decision comes after London-based Tresidor Investment Management and New York-based Laurion Capital Management last week filed responses challenging Arini’s submission to the determinations committee, with the former firm arguing that it contained “multiple logical non-sequiturs”.

Arini declined to comment. Tresidor and Laurion did not respond to a request for comment.

The dispute is the latest in numerous skirmishes over the wording and precise legal meaning of CDS contracts, where quirks of corporate restructuring can combine with the dense contracts governing the derivatives to create unexpected outcomes for investors.

The determinations committee, which is composed of experts from

banks and funds active in the CDS market, was created after the 2008 global financial crisis in an attempt to create a neutral arbiter to determine when defaults have occurred and how CDS contracts are settled.

Ardagh’s restructuring has already proved contentious for the CDS market, with the committee last year calling in a panel of barristers to conduct an external review to determine if and when a default had occurred.

This was only the second time in its history that the determinations committee had brought in outside experts to adjudicate a European CDS default, with the previous review occurring when the Bank of Portugal in effect

\$300mn Amount secured by Ardagh restructuring deal for its investors	\$11bn Assets managed by Arini, an issuer of Ardagh credit default swaps
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wiped out bondholders in Novo Banco in 2015. The dispute over Ardagh CDS stems from the fact such products do not pay out a fixed amount of money in the event of a default but instead are designed to compensate for the precise losses bondholders suffer as a result of a company’s default or restructuring.

In order to determine the level of payout an auction of defaulted bonds is held, with CDS holders receiving the difference between the amount the bonds fetch at auction and their face value.

The determinations committee said last month that it planned to include lower-ranking unsecured Ardagh bonds in this process – a move that it has now committed to.

Because of the large amount of Ardagh CDS outstanding, this will trigger

An Ardagh manufacturing facility in Germany. The company grew through a succession of debt-funded buyouts – Sebastian Gollnow/ iPicture Alliance/OPA

payouts reaching into the hundreds of millions of dollars.

This month Arini filed a challenge to the initial plan, arguing that lower-ranking bonds were not eligible as they had since been converted into equity and should be treated as they would have been if this had already happened when the restructuring was agreed in October – the date at which the determinations committee has decided that a credit event occurred and the CDS deals were triggered – because at that point, unlike more senior debt, they were in any event destined to disappear.

Funds opposing Arini argued that because the bonds were only converted to equity a month after the CDS was triggered, this argument does not stand.

Arini said the committee was trying “to reverse engineer a particular economic outcome for the settlement of the CDS” and that including the unsecured bonds “would turn them into Schrödinger’s Obligations”, where they were both equity and debt at the same time.

If the committee had decided that the lower-ranking bonds should be excluded, the auction would have consisted only of Ardagh’s safer secured debt, which is trading at close to face value, leading to smaller payouts.

Tresidor and Laurion filed separate responses to Arini’s challenge last week contesting its argument, which Laurion’s lawyers, Milbank, described as “incorrect and unworkably muddy”.

The outcome of the dispute over Ardagh CDS has been being closely watched in European credit markets, with many funds that bought protection against a default by Ardagh arguing that it would undermine faith in the financial product if it did not fully reflect losses that investors suffered in the restructuring.

‘This is about having a market that works. The product is there to insure people’

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Technology

Google owner Alphabet reaches \$4tn valuation after AI accord with Apple

TIM BRADSHAW

Google’s parent company Alphabet has become the fourth Big Tech group to hit a \$4tn market value, fuelled by investor optimism that its artificial intelligence models can compete with rivals such as OpenAI.

Alphabet shares briefly rose more than 1.5 per cent in early trading in New York yesterday following news of a deal with Apple that will see Google’s Gemini AI models power a revamped version of Siri, the iPhone’s virtual assistant.

The moves capped a 6 per cent rise in the past month and carried the company over a threshold already surpassed by Nvidia, Microsoft and Apple.

At the start of last year, Alphabet’s shares had been lagging behind the broader AI-driven rally in Big Tech stocks, amid fears that its cash-cow search engine would be overshadowed by new apps such as ChatGPT and Perplexity.

Investors were also concerned that US regulators were seeking to break up the Silicon Valley-based company.

However, the stock has more than

doubled since April as Demis Hassabis, co-founder of DeepMind, Google’s AI arm, led the group’s effort to make inroads on ChatGPT.

Google and Apple yesterday said in a joint statement that the two companies had “entered into a multiyear collaboration”. Google’s Gemini models and cloud services will “help power future Apple Intelligence features”, including a long-delayed update to Siri that is expected to be released this year. “After careful eval-



Google’s Gemini AI model will power a revamped version of Apple’s Siri

uation, Apple determined that Google’s AI technology provides the most capable foundation for Apple Foundation Models and is excited about the innovative new experiences it will unlock for Apple users,” Google and Apple said.

CNBC first reported the deal. Apple had previously worked with OpenAI to incorporate ChatGPT into its Siri assistant, underscoring how Google’s rival has staged a comeback against its AI start-up rival.

Last month, OpenAI chief Sam Altman declared a “code red” over the need to improve its products after Google released its Gemini 3 model, which is considered to have leapfrogged rivals on industry benchmarks.

Alphabet’s stock has been propelled since it showed investors that its advertising revenues were still growing strongly despite the threat from chatbot rivals. The company’s quarterly revenues grew 16 per cent in the third quarter to surpass \$100bn for the first time, it said in October, boosted by its booming cloud computing business and YouTube ads. Its Gemini app has grown rapidly to 650mn monthly users.

Financials

Private equity backers offloaded record amount of stakes in old funds last year

ALEXANDRA HEAL — LONDON
ANTOINETTE GARA — NEW YORK

Private capital investors offloaded a record amount of stakes in ageing funds last year as the buyout sector’s difficulties in exiting investments prompted institutional investors to look for another way to cash in.

David Atterbury of HarbourVest Partners, a leading buyer of such stakes, estimated that more than \$110bn in so-called secondary deals – in which investors sell their stakes in funds – were struck globally last year, up about a quarter on 2024’s \$89bn, which was also a record.

The boom in activity in what was once considered a niche market reflects the challenges facing the buyout industry, with a difficult market for selling or listing past investments, and the maturing of the wider \$22tn private capital sector.

Private capital investors traditionally have had to lock their money up for years at a time. However, the growth of the secondary market has allowed these backers to generate cash even without

fund managers selling underlying holdings.

“With liquidity at a premium and markets rattled by tariff-driven shocks, asset owners and managers increasingly turned to secondary deals to unlock cash and rebalance portfolios,” said Atterbury, who oversees Europe, the Middle East and Asia at HarbourVest.

Richard Hope, the co-head of investments at private markets firm Hamilton Lane, also said that sales of fund stakes had broken records last year.

The totals included sales of holdings across all private capital strategies, including private credit, venture capital and infrastructure as well as private equity.

Stakes in buyout vehicles dominated the supply of ageing fund positions in the first half of last year, accounting for

more than half, according to Jefferies, as pension funds overweight on the asset class sold holdings to rebalance their portfolios.

“Private markets overall are growing and secondaries are a part of that growth story,” said Hope.

When combined with another form of secondary transaction – where buyout firms raise so-called continuation vehicles to buy older assets from past funds – the overall market for ageing holdings was likely to have seen more than \$200bn of transactions last year, according to Hope, although final data for the year was not yet available.

Funds dedicated to buying second-hand private capital investments had raised \$118bn by November, putting them on track for a record year, data from PitchBook shows.

Jeremy Collier, founder of Collier Capital and an early pioneer of the secondaries market, said he thought this year would bring another increase.

“We could see the record tumble again in 2026,” he said, “perhaps pushing \$300bn on its way to becoming an asset class in its own right”.

Fixed income

US corporate bonds sell at fastest rate since Covid

MICHELLE CHAN — NEW YORK

Companies are borrowing in the US bond market at the fastest pace since the Covid-19 pandemic as Wall Street kicks off what is expected to be a record year of debt sales thanks to AI spending and financing for a wave of mergers.

Corporate borrowers raised more than \$95bn from 55 investment-grade bond deals in the first full week of January, the highest weekly volume since May 2020 and the busiest start to a year on record, according to LSEG data.

Financial institutions and European groups were among the largest issuers as companies took advantage of strong investor demand for high-quality dollar debt that has pushed borrowing costs close to their lowest level relative to US Treasuries since the financial crisis.

“Everyone is extremely motivated to get back to the market,” said Teddy Hodgson, global co-head of investment-grade debt capital markets at Morgan Stanley.

While January has typically been a busy month for new bond issuance, many companies are starting their funding programme even earlier than usual this year to get ahead of an expected issuance glut to finance M&A activity and big tech companies’ AI infrastructure, Hodgson said.

Morgan Stanley forecasts investment-

‘The number of deals is overwhelming and there will eventually be investor fatigue’

grade bond sales this year of \$2.25tn, eclipsing the 2020 record of \$1.9tn.

Many bond offerings during the week were heavily oversubscribed. French telecoms company Orange raised \$6bn after attracting an order book of more than \$34bn across five tranches of debt, according to people familiar with the transaction.

Japan’s Sumitomo Mitsui Financial and US chipmaker Broadcom raised \$5bn and \$4.5bn, respectively.

The new year issuance boom came as markets largely shrugged off the US capture of Venezuelan President Nicolás Maduro. Investors continue to attach little risk premium to US corporate debt, with the cost of borrowing for investment-grade companies at just 0.79 percentage points above government debt, according to Ice BofA data.

“The market just shrugged it off because there’s so much cash out there, and investment-grade fundamentals continue to be strong,” said Kyle Stegemeyer, head of investment-grade debt capital markets and syndicate at US Bancorp.

Still, the slim extra yields that corporate debt offers relative to ultra-safe Treasuries are keeping some investors on the sidelines.

“The number of deals is overwhelming and there will eventually be investor fatigue,” said Neil Sun, a portfolio manager at RBC BlueBay Asset Management. “It’s like going to a buffet. People always get too excited for the first couple of bites.”

COMPANIES & MARKETS

Software platforms have a crucial edge over AI start-ups

Holden Spaht
Markets Insight



The explosive rise of AI start-ups follows a pattern we’ve seen before: small companies racing to apply new technology to specific business problems, promising huge efficiency gains in their narrow slice of the market.

These start-ups typically use standard AI models (like ChatGPT or Claude) and distinguish themselves by writing software on top in order to target specific tasks. Their value proposition is that specialised solutions can compete without worrying much about how businesses function as complete systems.

But this is a vulnerable strategy. Like dotcom companies that burned cash without sustainable business models, many of today’s AI start-ups burn money paying for access to AI models while lacking advantages that competitors can’t copy. Their core bet is that AI can solve specific business problems so efficiently that companies will willingly go beyond their integrated systems to get superior performance in one area — in short, “best-in-class” beats “good-enough-but-all-in-one-place”.

But connecting to full business processes to find a sustainable growth path over time is a very challenging task for companies built to do just one thing. While some might be seeing sharp initial revenue acceleration, they also see substantive costs. One study by Kruze Consulting suggests they spend double what traditional software-as-a-service companies spend on compute and infrastructure, while also paying for specialised talents that command high pay packages.

These structural challenges show why we believe established software platforms such as Salesforce, SAP, Microsoft

— and portfolio companies like Anaplan and Coupa that we invest in at Thoma Bravo — will be more durable despite the risks of AI disruption to their businesses.

While AI start-ups struggle to defend narrow territory, broader platforms build advantages that grow stronger over time. Rather than just making one specific area better, they work on strengthening the broader business of a customer. This model produces intelligence for both the company and the provider, building capabilities. And SaaS companies have years of making improvements. For example, the software platforms can model cause and effect across business functions. A narrow AI tool might optimise inventory, but if it doesn’t consider cash flow, supplier relationships or supply chain risks, that “optimisation” on a single variable could actually stand to hurt the business.

Established software companies are thus also better positioned to address business concerns on AI integration: competition, implementation challenges, cyber security, legal issues, ethical questions, costs and reputation risks. This is because digital transformation has always meant balancing efficiency gains with risk management. And platforms also spread the cost of staying compliant with regulations across all their customers.

Rather than making one area better, the platforms strengthen the broader business of a customer

Simply put, the maths is against AI start-ups: they need to deliver gains large enough to justify the work and risk of managing a separate tool. And established software companies will win by integrating innovation rather than fragmenting it.

Holden Spaht is managing partner at Thoma Bravo

The day in the markets

What you need to know

- Gold reaches all-time peak and dollar declines after Fed chair probe revealed
- Measures of long-term inflation expectations also tick up
- US stocks recover from earlier falls to trade marginally higher

Gold jumped to a record high and the dollar fell yesterday after US prosecutors launched a criminal investigation into Federal Reserve chair Jay Powell, stoking concerns about the central bank’s independence.

The precious metal climbed as much as 2.7 per cent to more than \$4,600 a troy ounce, while the dollar weakened 0.3 per cent against a basket of major currencies including the pound and the euro. Silver jumped as much as 7.8 per cent to a fresh record above \$86 a troy ounce.

US stocks were marginally higher, recovering from earlier falls.

The yield on the 10-year Treasury, which moves inversely to the price, climbed to nearly 4.21 per cent before falling back to 4.18 per cent by lunchtime in New York.

Powell on Sunday said the Fed had received grand jury subpoenas and a threat of criminal indictment from the Department of Justice relating to his testimony before Congress about a \$2.5tn renovation of the central bank’s headquarters.

Investors said the dollar and gold moves reflected the risk that US policy rates could be held lower than they would otherwise be due to political pressure, with the potential for higher long-term inflation and monetary policy uncertainty as a result.

Gold and silver hit record highs after DoJ targets Powell



Market measures of long-term inflation expectations also ticked up, with 10-year break-even rates reaching 2.3 per cent for the first time since November.

“We’ve been here before — political pressure on the Fed means a lower US dollar, higher long-end US Treasury yields and higher inflation expectations,” said Mike Riddell, a fund manager at Fidelity International.

But the scale of the market moves was relatively small, with many investors backing rate setters to remain independent.

“My expectation again is that the committee will continue to make decisions on the back of their mandate and the economic data,” Jan Hatzius, chief economist at Goldman Sachs, told a conference in London.

Gold and silver have been caught up in what has been dubbed a “debasement trade” as investors worry that pressure for lower rates will eventually devalue dollar assets. Such concerns, and a hunt for haven assets, have helped fuel a record rally in the precious metals. **Ian Smith, Rachel Rees and William Sandlund**

Markets update

	US	Eurozone	Japan	UK	China	Brazil
Stocks	S&P 500	Eurofirst 300	Nikkei 225	FTSE100	Shanghai Comp	Bovespa
Level	6972.02	2436.95	51939.89	10140.70	4165.29	163333.57
% change on day	0.08	0.25		0.16	1.09	-0.02
Currency	\$ index (DXY)	\$ per €	Yen per \$	\$ per £	Rmb per \$	Real per \$
Level	98.82	1.168	157.955	1.348	6.97	5.369
% change on day	-0.32	0.352	0.051	0.425	-0.06	0.276
Govt. bonds	10-Year Treasury	10-year-Bund	10-year JGB	10-Year Gilt	10-year-bond	10-year-bond
Yield	4.18	2.84	2.11	4.46	1.87	13.62
Basispoint change on day	-0.0937	0.2019	-0.021	0.0606	0.155	0.2022
World / Commods	FTSE All-World	Oil - Brent	Oil - WTI	Gold	Silver	Metals (LME)
Level	683.28	63.49	58.83	4616.75	86.03	5341.80
% change on day	+0.25	0.44	0.71	+2.40	+2.10	+2.17

Yesterday's close apart from: Currencies = 16:00 GMT; S&P Bovespa, All World, Oil = 17:00 GMT; Gold, Silver = London pm fix.

Main equity markets



Biggest movers

	US	Eurozone	UK
Ups	Newmont Mining 3.5	AP Moller-Maersk B 7.68	Hochschild Mining 9.56
	Amphenol 3.44	AP Moller-Maersk A 7.45	Oxford Nanopore Technologies 9.38
	Dollar General 3.34	Beiersdorf 3.12	Pan African Res 6.69
	Constellation Brands 3.27	Fresenius SE & Co 3.03	Fresnillo 6.5
	Teradyne 3.27	Fresenius Medical Care 2.89	Ocado Group 6.18
Downs	Synchrony Fin -8.34	Capgemini -4.24	WPP -6.55
	Capital One Fin -6.51	Heineken -4.14	Diversified Energy -5.42
	Amer Express -4.13	Heineken Holding -3.81	B&M European Value -4.07
	Equinix -4.09	Iberdrola -2.67	British Land Co -3.83
	Baxter Intl -3.61	Sanofi -2.4	ME Group -3.77

Prices taken at 17:00 GMT 12/01/2026

Based on the constituents of the FTSE Eurofirst 300 Eurozone

All data provided by ICE www.ice.com

Energy

Wind industry chiefs warn of ‘negative spillover’ after Trump suspends leases

ALICE HANCOCK — BRUSSELS
RACHEL MILLARD — LONDON

Wind industry bosses have warned of “negative spillover” effects on investor sentiment after the Trump administration suspended leases on all large US offshore wind projects on national security grounds.

Henrik Andersen, chief executive of Vestas, Europe’s largest wind turbine maker, and president of industry body WindEurope, said uncertainty in offshore wind markets could push up the cost of capital as investors price in greater risks.

He described 2025 as a “rollercoaster” year for offshore wind developers after being hit by stop-work orders from the Trump administration, which argues the technology is expensive and unreliable on top of the national security concerns.

It follows several difficult years for the industry because of rising costs and supply chain strains. Developers, including Ørsted and Equinor, have booked hefty

impairments on US offshore wind projects, while Ørsted has also halted a big UK project, Hornsea 4.

In Japan, Mitsubishi pulled out of several projects, citing surging construction costs.

Questioned about the cost trajectory in the industry, Andersen said the cost of capital, which reflects the returns

Uncertainty in offshore wind could push up the cost of capital as investors price in greater risks

investors expect, had not increased in the past year.

But he added that there was “a little uncertainty on some of the offshore markets — probably related out of what has happened in the US — and I think that could be a negative spillover to the cost-of-capital levels”.

Japan’s decision to suspend offshore wind auctions following Mitsubishi’s

decision to pull out, and other troubled offshore wind auctions, had added to the uncertainty, he said.

Vestas is the turbine supplier for Equinor’s Empire Wind project, which alongside Ørsted’s Revolution Wind and Sunrise Wind is among five large wind farms under construction that have been suspended by the Trump administration.

Both Ørsted and Equinor are challenging the lease suspensions in court. Hearings are scheduled this week.

Ørsted, the world’s largest offshore wind developer, undertook a \$9bn rights issue in September in an effort to shore up its finances because of the challenges in the US.

Despite the offshore industry’s challenges, Tinne Van der Straeten, the former Belgian energy minister who starts as the new chief executive of WindEurope next month, said Europe’s geography meant the technology had a “beautiful” future. But she warned “it will not fall from the sky” and that there were “huge investments to be made”.

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MARKET DATA

FT WILSHIRE GLOBAL 500: THE WORLD'S LARGEST COMPANIES

52 Week										52 Week										52 Week										52 Week																																																				
Stock	Price	+/-Chg	High	Low	Yld	P/E	MV \$b	Stock	Price	+/-Chg	High	Low	Yld	P/E	MV \$b	Stock	Price	+/-Chg	High	Low	Yld	P/E	MV \$b	Stock	Price	+/-Chg	High	Low	Yld	P/E	MV \$b	Stock	Price	+/-Chg	High	Low	Yld	P/E	MV \$b																																											
Australia (AUD)																																																																																		
ANZ Group Holdings	35.45	-0.23	38.85	26.51	4.68	18.14	70.66	Finland (EUR)																																Orion	22.74	0.29	33.53	19.76	0.00	97.31	37.87	PMI Semiconductors	24.15	3.26	24.55	153.50	1.88	29.45	60.80	ANZ Group Holdings	35.45	-0.23	38.85	26.51	4.68	18.14	70.66	Occidental Petroleum	42.86	0.37	52.70	36.51	1.13	25.49	42.17	2.24	20.47	42.86	0.37	52.70	36.51	1.13	25.49	42.17	2.24	20.47
BHP Group	47.72	0.38	47.72	34.36	3.17	25.35	171.93	France (EUR)																																Roche	72.70	0.37	109.65	64.31	5.67	13.70	181.00	ONEOK	19.82	0.87	23.83	122.92	1.21	36.98	55.71	Petroleo Brasileiro	41.02	-0.08	41.67	32.93	4.14	18.62	83.94	Wendel	17.80	0.37	109.65	64.31	5.67	13.70	181.00	ONEOK	19.82	0.87	23.83	122.92	1.21	36.98	55.71			
Commonwealth Bank	153.22	-0.12	191.40	142.36	3.17	25.35	171.31	Germany (EUR)																																Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94			
CSL Ltd	174.29	-0.16	288.33	168.29	2.59	18.26	56.38	Italy (EUR)																																Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94			
Macquarie Group	206.08	-2.61	241.02	170.57	3.25	21.64	52.48	Japan (JPY 100)																																Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94			
National Australia Bank	41.02	-0.08	41.67	32.93	4.14	18.62	83.94	UK (GBP)																																Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94			
Westpac Banking	81.06	0.10	94.76	68.53	4.39	31.45	81.46	USA (USD)																																Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94			
Westpac Banking	37.90	-0.11	44.72	29.17	4.04	18.76	86.61	Canada (CAD)																																Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94			
Belgium (EUR)																																																																																		
Anheuser-Busch InBev	56.56	0.70	62.78	45.06	2.03	15.54	118.33	Brazil (BRL)																																Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94			
Brazil (BRL)																																																																																		
Iau Unibanco Holding	39.85	-0.08	42.00	27.04	11.17	9.68	40.88	Argentina (USD)																																Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94			
Iau Unibanco Holding Ptd	31.90	-0.06	42.50	31.15	10.24	5.19	44.34	India (INR)																																Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94			
Petroleo Brasileiro	41.02	-0.08	41.67	32.93	4.14	18.62	83.94	China (CNY)																																Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94			
Walmart	81.06	0.10	94.76	68.53	4.39	31.45	81.46	South Africa (ZAR)																																Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94			
Westpac Banking	37.90	-0.11	44.72	29.17	4.04	18.76	86.61	South Korea (KRW 100)																																Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94			
Belgium (EUR)																																																																																		
Anheuser-Busch InBev	56.56	0.70	62.78	45.06	2.03	15.54	118.33	Indonesia (IDR)																																Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94			
Brazil (BRL)																																																																																		
Iau Unibanco Holding	39.85	-0.08	42.00	27.04	11.17	9.68	40.88	China (CNY)																																Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94			
Iau Unibanco Holding Ptd	31.90	-0.06	42.50	31.15	10.24	5.19	44.34	South Africa (ZAR)																																Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94			
Petroleo Brasileiro	41.02	-0.08	41.67	32.93	4.14	18.62	83.94	India (INR)																																Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94			
Walmart	81.06	0.10	94.76	68.53	4.39	31.45	81.46	China (CNY)																																Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94			
Westpac Banking	37.90	-0.11	44.72	29.17	4.04	18.76	86.61	South Korea (KRW 100)																																Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94			
Belgium (EUR)																																																																																		
Anheuser-Busch InBev	56.56	0.70	62.78	45.06	2.03	15.54	118.33	Indonesia (IDR)																																Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94			
Brazil (BRL)																																																																																		
Iau Unibanco Holding	39.85	-0.08	42.00	27.04	11.17	9.68	40.88	China (CNY)																																Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94			
Iau Unibanco Holding Ptd	31.90	-0.06	42.50	31.15	10.24	5.19	44.34	South Africa (ZAR)																																Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94			
Petroleo Brasileiro	41.02	-0.08	41.67	32.93	4.14	18.62	83.94	India (INR)																																Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94			
Walmart	81.06	0.10	94.76	68.53	4.39	31.45	81.46	China (CNY)																																Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.00	31.87	79.94	Novartis	93.80	0.71	107.82	79.94	0.													

FINANCIAL TIMES SHARE SERVICE

Main Market

S2 Week							S2 Week							S2 Week							S2 Week										
	Price	+/- Dly Chg	High	Low	Yld	P/E	Vld 000s		Price	+/- Dly Chg	High	Low	Yld	P/E	Vld 000s		Price	+/- Dly Chg	High	Low	Yld	P/E	Vld 000s		Price	+/- Dly Chg	High	Low	Yld	P/E	Vld 000s
Aerospace & Defence																															
BAE Systems 2093.00 40.00 2120.00 1168.00 1.63 32.25 7049.04																															
Chemring Group 548.00 7.00 614.00 297.50 1.46 30.75 2964.54																															
Automobiles & Parts																															
Ford Motors 1040.78 -17.43 1087.75 661.67 4.28 - - -																															
Banks																															
ANZ Group 1789.76 24.72 1938.70 1235.66 6.01 18.43 2972.05																															
Banko Santander 896.00 7.00 907.00 377.50 1.76 51.68 8883.00																															
Bank of Ireland 451.24 5.94 1475.58 719.95 3.17 11.80 886.54																															
Bank of Nova Scotia 5333.90 -85.04 5553.31 345.68 4.41 - - 7605.55																															
Barclays 473.05 -11.85 492.92 223.75 1.90 13.14 32598.41																															
Canadian Imperial 6746.54 -29.77 6996.58 420.34 3.16 - - 421.68																															
HSBC 1202.40 8.23 1227.20 698.70 4.12 12.96 9165.23																															
Ivan Hsianeng 9280.00 70.00 9500.00 4415.00 2.29 5.91 46.72																															
Lloyds Bank Gp 101.00 0.70 101.75 52.43 3.30 16.03 70740.96																															
NatWest Group 640.20 -2.40 674.20 369.00 3.91 11.97 36982.45																															
Perm TSB Group 250.54 -0.13 291.66 112.30 - - 6.37 0.15																															
Royal Bank of CA 15251.70 -115.53 12908.32 8337.24 2.80 - - 649.28																															
Stand Chart 1824.00 29.50 1075.50 872.80 1.65 17.40 2542.57																															
...7.37%PF 125.00 0.50 127.00 107.00 5.90 - - -																															
...8.25%PF 139.85 0.50 142.00 120.00 5.90 - - -																															
Toronto-Dominion 6932.68 -105.47 7128.20 4326.97 3.26 - - 2724.71																															
Westpack 1898.97 11.94 2043.20 134.28 4.02 18.95 2733.89																															
Chemicals																															
Elements 170.60 - - 179.60 109.60 1.91 -28.38 2066.92																															
Johnson Matthey 2330.00 78.00 2360.00 1131.00 3.30 11.00 359.86																															
Victrex 687.00 -6.00 1080.00 581.00 8.67 21.47 4430.08																															
Construction & Materials																															
Ball (Henry) 223.00 -3.00 249.50 195.00 3.52 12.82 112.88																															
Gaufrit Trty Hldgs 546.00 6.00 556.00 294.00 3.48 16.20 186.07																															
Morgan Sindall 4900.00 -25.00 4995.00 2900.00 2.86 17.41 210.14																															
Electronic & Electrical Equip																															
discoveIE Gp 598.00 -6.00 754.00 472.50 2.12 23.36 185.89																															
Halma 3666.00 - - 3764.00 2316.00 0.65 46.71 399.61																															
Morgan Adv Mat 229.50 -1.50 281.50 167.00 5.32 12.97 168.62																															
Oxford Instruments 2150.00 40.00 2205.00 1470.00 1.05 47.99 556.60																															
Renishaw 3710.00 - - 3780.00 2100.00 2.11 32.20 58.99																															
TET Electronics 110.00 -2.00 154.00 61.90 - - -3.64 199.37																															
XP Power 911.00 -8.00 1370.00 600.00 - - -22.48 44.50																															
Financial General																															
3i Group 3127.00 5.00 4487.00 2957.00 2.53 - - -																															
Aberdeen Group 213.40 3.60 213.40 120.80 6.84 16.17 3369.07																															
Bridgepoint Group 286.60 -6.40 410.00 229.20 3.28 35.83 4870.50																															
City of London Inv 301.00 - - 420.00 310.00 8.48 13.07 80.31																															
Close Bros 901.50 -16.50 953.50 206.57 - - -7.50 354.75																															
ICG 2076.00 -16.00 2468.00 1539.00 4.07 13.21 552.16																															
Investec 654.00 -7.50 651.79 1376.48 6.51 7.91 1376.48																															
Jupiter 172.60 -0.23 175.60 64.70 24.90 13.81 1189.99																															
Liontrust 245.00 2.00 471.50 232.00 23.27 9.35 202.42																															
London Stock Ex 9066.00 114.00 12195.00 8094.00 1.50 70.36 1360.79																															
Rathbones Group 2000.00 -25.00 2045.00 1374.00 4.70 31.75 90.13																															
S & U 2240.00 10.00 2265.17 1275.00 4.69 15.20 3.26																															
Schröders 416.40 -1.40 428.80 283.40 5.16 15.77 1470.17																															
St James's Place 1461.00 11.00 1464.00 741.00 1.23 20.01 639.65																															
TP ICAP Group 251.50 -2.00 315.00 217.00 6.56 11.38 1022.31																															
Vanquis Banking Gp 115.00 - - 130.00 42.65 - - -2.46 404.39																															
Food & Beverages																															
AEP Plant 1380.00 -10.00 1450.00 602.00 4.76 10.88 31.94																															
Assoc Brit Foods 1844.50 -14.50 2359.00 1810.00 3.42 13.03 1297.57																															
Earr (AG) 617.00 -7.00 728.00 555.00 2.79 17.23 73.36																															
Fevera 130.50 -3.50 162.00 131.35 1.84 5.65 18.61																															
Coca-Cola HBC 3920.00 -18.00 4102.00 2690.00 2.28 20.07 325.67																															
Crisco 4970.00 20.00 5590.00 4590.00 2.07 19.84 84.58																															
Diageo 1674.50 44.50 2565.00 1564.00 4.74 21.31 8990.92																															
Greencore 236.50 -1.50 281.00 162.60 1.10 17.92 209.38																															
Hilton Food 488.50 -0.60 970.00 470.50 7.16 11.18 351.44																															
Kerry Group 6415.26 -108.55 8585.50 6179.75 1.77 17.43 238.48																															
Tate & Lyle 371.00 2.20 669.00 355.25 5.39 10.60 661.38																															
Unilever 4770.50 20.50 5542.11 4504.50 3.66 21.27 3730.20																															
Health Care Equip & Services																															
GN Store Nord 1303.48 2.59 1757.89 909.98 - - 10.55 524.32																															
Smith&Neph 1254.00 -4.00 1441.50 937.80 2.29 35.80 1131.46																															
House, Leisure & Pers Goods																															
Barratt Redrow 381.40 -0.10 486.50 287.20 4.61 28.04 3017.15																															
Bellway 2788.00 - - 2998.00 2134.00 2.51 20.99 375.73																															
Berkeley 404.00 22.00 4389.96 3462.00 - - 10.88 160.55																															
Burberry Group 1313.00 -22.00 1376.50 597.00 - - -62.82 2353.98																															
Cairn Homes 185.00 0.80 195.20 149.20 3.98 11.92 137.56																															
Games Workshop 18870.00 110.00 19970.00 12250.00 1.99 31.72 249.28																															
Gleeson (MJ) 427.00 1.00 538.00 320.00 2.58 15.75 37.04																															
Headium Group 44.40 -2.80 145.50 44.40 22.52 -1.42 137.07																															
McBride 145.00 -1.00 163.86 36.62 2.07 7.44 168.00																															
Phillips 2221.92 14.35 2301.92 1682.98 3.32 -51.24 160.00																															
FZ Cussors 71.90 0.40 91.17 55.09 5.01 -52.10 655.96																															
Vistry Group 701.00 14.20 722.40 486.70 4.56 31.86 1475.38																															
Industrial Engineering																															
Eodytech 743.00 0.50 748.50 494.00 3.10 68.80 161.80																															
Goodwin 2290.00 -400.00 24400.00 5540.00 1.22 69.99 4.46																															
Hill & Smith 2310.00 15.00 2315.00 1463.97 2.19 24.32 166.31																															
IMI 2638.00 8.00 2658.00 1555.96 1.22 27.48 322.55																															
Melrose 631.00 5.80 707.20 376.00 5.01 -170.54 2678.51																															
FHI 2670.00 -45.00 3885.00 1920.00 5.84 10.23 9.80																															
Severfield 29.40 - - 53.20 18.30 - - -6.26 71.41																															
Weir Group 3030.00 30.00 3058.00 1875.00 1.38 25.02 3535.83																															
Industrial General																															
Coats Group 84.00 -0.90 97.10 64.80 2.82 22.68 1146.53																															
Macfarlane 72.00 - - 122.00 61.60 5.08 7.38 263.06																															
Smiths 2458.00 - - 2561.00 1671.00 1.87 28.68 645.76																															
Smurfit Westrock 3151.00 -11.00 4529.00 2501.00 4.06 - - 214.65																															
Industrial Transportation																															
Eramet 223.00 -7.00 280.00 195.00 2.24 11.49 25.92																															
Fisher LJ 375.00 1.00 408.00 285.00 - - 4.08 56.06																															
Insurance																															
Admiral Group 3084.00 30.00 3686.00 2493.00 6.69 14.24 390.95																															
Aviva 678.90 -5.20 700.80 465.70 5.45 28.68 3418.41																															
Chesnara 301.50 -2.50 304.50 206.70 7.89 - - 480.35																															
Ecclesiastical Insurance 145.50 7.90 153.00 127.00 5.93 8.16 101.53																															
Hansard Global 48.80 1.90 53.50 41.90 8.12 37.54 6.16																															
Hiscox 1389.00 4.00 1454.00 1022.00 2.35 10.29 452.33																															
Lancashire Hldgs 601.00 -2.00 700.00 505.00 12.29 6.04 359.05																															
Legal & General 263.70 -3.20 269.40 206.80 8.15 91.25 12464.27																															
Old Mutual 68.00 0.60 70.20 38.54 5.44 8.64 225.38																															
Phoenix Group 741.50 0.50 756.50 475.20 7.38 -6.63 2190.84																															
Prudential 1166.50 5.50 1213.00 595.20 1.54 18.68 2801.74																															
Leisure																															
ME Group 143.00 -5.60 237.50 143.00 5.80 9.96 714.10																															
Media																															
Amiprint 4160.00 -5.00 6050.00 2915.00 4.42 13.47 58.65																															
Auto Trader Gp 581.80 -11.80 920.00 562.00 1.87 13.38 5948.55																															
Informa 886.80 -14.20 1000.00 634.20 2.32 39.77 1108.61																															
ITV 81.30 0.10 88.00 63.05 6.15 7.82 5310.62																															
Pearson 1071.50 11.50 1401.00 978.40 2.28 13.61 1990.85																															
Reach 55.00 1.20 93.50 52.80 12.35 3.24 374.34																															
Relux 3155.00 -23.00 4205.00 2968.74 2.04 30.45 2459.42																															
Rightmove 515.90 - - 827.00 474.50 1.97 21.13 1708.32																															
STV Group 113.00 4.00 713.00 107.50 6.65 4.81 43.76																															
WPP 326.90 -22.90 798.20 266.10 9.75 3.50 5362.36																															
Mining																															
Anglo American 3252.00 36.00 3281.00 1900.01 0.66 -15.26 6367.33																															
Ansofagasta 3512.00 39.00 3573.00 1278.00 0.85 55.27 1374.96																															
BHP Group 2334.00 24.00 2403.00 1528.50 3.63 17.81 330.61																															
Barrick 89.70 2.30 115.00 41.30 - - -11.04 1430.93																															
Fresnillo 3734.00 22.00 3784.00 634.41 0.94 - - 1160.59																															
Glencore 468.50 15.85 468.90 205.00 1.58 -45.56 60714.42																															
Hamory 1668.42 15.05 1668.42 735.68 10.3 13.11 2325.74																															
Rio Tinto 6135.00 154.00 6317.00 4029.54 4.64 11.62 3173.66																															
Oil & Gas																															
BP 426.60 1.00 476.25 329.20 5.68 5.55 36233.88																															
Capricorn 2185.00 2.00 341.71 181.80 - - 23.98 153.01																															
Enco Mobil 9165.50 -120.91 9325.73 7545.71 3.34 - - -																															
Geopark 537.94 - - 538.76 529.11 1.66 8.84 - -																															
Hellenic Energy 729.39 - - 739.05 728.08 5.35 2.89 348.59																															
Imperial Oil 6862.38 16.15 45.43 43.43 2.24 - - 535.65																															
TC Energy Corp 3891.33 126.02 4042.66 3991.33 4.56 - - 361.79																															
Wood Group (Lohn) 24.30 0.10 72.60 16.92 - - -3.08 3173.09																															
Pharmaceuticals & Biotech																															
AstraZeneca 14120.00 -56.00 15474.36 9573.50 1.73 41.91 2194.22																															
Chemical Works 2290.42 - - 2290.42 2288.69 4.97 12.25 0.00																															
GlaxoSmKline 1877.00 -9.00 2057.70 1242.50 3.41 29.70 5548.90																															
Hikma Pharm 1565.00 9.00 2360.00 1482.00 3.98 13.02 559.07																															
REITs																															
British Land 397.00 -15.40 423.00 318.60 5.76 - - -																															
Dresdner London 1826.24 -26.00 2106.00 1600.00 4.44 - - -																															
Great Portland Est 325.20 -2.50 369.00 260.00 2.43 - - 0.00																															
Land Securities 628.00 -16.00 652.50 490.20 6.50 - - -																															
LondonMetric Prop 195.30 2.40 207.00 167.10 6.35 - - -																															
Palace Capital 215.00 7.00 235.00 192.50 6.98 47.78 154.69																															
Primary Health Prop 103.00 0.40 104.40 85.75 6.85 - - -																															
Segro 731.00 -1.20 745.40 586.85 4.09 - - -																															
Shredded Capital 143.80 8.00 162.90 111.80 2.59 13.38 3809.59																															
Tritax Bp Box 157.00 -1.50 160.00 121.90 5.05 - - -																															
Real Estate Inv & Services																															
Granger 193.40 -1.00 230.00 175.00 4.30 7.06 1807.32																															
Harworth Group 168.00 2.50 191.00 155.00 6.98 9.55 78.49																															
Helical 169.20 4.00 247.00 167.20 2.66 3.25 67.98																															
Munview Estates 9100.00 -20.00 10200.00 8630.00 5.77 15.10 0.25																															
Sunliss 1077.10 -17.01 1174.00 858.94 2.74 75.94 144.07																															
Sirius Real Estate 99.95 0.55 107.00 72.85 5.44 3.45 1591.57																															
Smart LJ 132.50 - - 140.00 110.00 2.45 10.14 140.00																															
Retailers																															
Cafays 425.00 - - 550.00 360.00 2.35 66.41 - -																															
Dunelm Group 1156.00 -11.00 1249.00 836.61 6.88 14.97 303.38																															
Halfords Group 142.20 -4.60 177.00 112.60 6.19 -9.23 539.98																															
Incipack 792.00 9.00 819.00 575.00 3.37 7.68 1355.11																															
JD Sports 83.40 -0.84 106.18 61.04 1.20 3.78 8781.15																															
Kingfisher 324.30 2.30 330.50 227.20 3.82 32.17 2512.60																															
Marks & Spencer 344.10 -8.90 417.80 315.30 1.10 23.57 9876.05																															
Ocado 288.50 16.80 397.90 165.85 - - 7.04 4319.18																															
Sage 437.50 5.00 449.00 108.28 - - 3.73 417.18																															
Sainsbury J 311.40 -0.20 370.73 223.40 4.43 29.94 5893.30																															
Tesco 417.00 1.60 460.90 310.30 3.42 17.53 14227.84																															
Support Services																															
Ashted Group 5432.00 162.00 5849.70 3477.00 1.50 21.13 1779.19																															
Bunzl 2082.00 -2.00 3488.00 1995.00 3.55 13.92 1241.01																															
Capita 398.00 -7.50 415.50 168.00 - - 5.84 456.43																															
DCC 4350.00 -96.00 5625.00 4188.00 4.82 20.84 511.30																															
Diploma 5590.00 -70.00 5700.00 3532.00 1.11 40.54 167.19																															
Essentra 95.00 - - 127.60 88.53 2.47 25.68 204.40																															
Experiance 3399.00 -79.00 4101.00 3049.01 1.41 35.90 8123.58																															
Ferguson Enterprises 17930.00 370.00 19630.00 10870.00 1.40 - - 13.15																															
Hays 51.70 -0.65 69.95 51.20 2.40 -105.51 2140.20																															
Hawdon Joinery 841.50 -11.00 930.95 847.10 2.53 18.45 4314.13																															
Intertek 4666.40 -48.00 5575.00 4044.00 3.43 21.76 361.96																															
Johnson Service 136.00 -0.80 160.20 118.60 1.16 16.00 353.05																															
MITIE Group 166.60 -3.20 171.60 105.60 2.64 20.22 2222.56																															
RS Group 650.00 -3.50 665.00 476.80 3.48 20.00 1156.47																															
Vp 543.00 17.00 696.00 460.00 7.27 14.84 9.36																															
Tech - Hardware																															
Tech - Software & Services																															
Computacenter 3190.00 22.00 3244.00 2020.00 2.23 20.86 454.30																															
NCC Group 1137.40 -2.00 168.20 1024.00 3.38 24.54 555.36																															
The Sage Gp 1304.00 22.00 1349.00 1034.50 1.98 29.27 1966.62																															
Triad Group 250.00 - - 410.00 230.00 2.80 25.18 8.34																															
Telecommunications																															
Airtel Africa 364.00 -1.20 375.40 114.20 1.37 81.75 9442.34																															
BT Group 180.20 -0.95 223.60 137.38 4.56 16.69 6959.80																															
Telecom Plus 1354.00 -22.00 2100.00 1316.00 7.02 14.06 246.33																															
Vodafone 101.30 0.10 109.49 62.40 3.85 -7.33 9374.20																															
Tobacco																															
Brit Amer Tobacco 3119.00 59.00 4876.92 2820.00 5.83 30.13 2233.24																															
Imperial Brands 4025.00 14.00 3632.04 2521.50 5.30 12.05 620.53																															
Travel & Leisure																															
Carnival 2327.00 -34.00 2426.00 1054.00 - - 14.93 712.19																															
easJet 492.00 -10.60 590.40 401.05 2.68 7.48 3251.22																															
FirstGroup 188.40 -2.00 240.40 136.61 3.72 8.85 3943.64																															
Flutter Entertainment 15675.00 -400.00 23700.00 14155.00 - - 166.32 21.74																															
Fullers A 734.00 -4.05 746.00 488.00 2.75 15.46 17.79																															
Int'l Hotels 10077.50 -184.45 10937.04 7252.00 1.28 34.86 244.81																															
Inf Conts Air 411.00 -13.10 438.60 210.00 1.85																															

AIM

	Price	+/- Dly Chg	52 Week					Price	+/- Dly Chg	52 Week					Price	+/- Dly Chg	52 Week					Price	+/- Dly Chg	52 Week					Price	+/- Dly Chg	52 Week																
			High	Low	Yld	P/F	Vol 000s			High	Low	Yld	P/F	Vol 000s			High	Low	Yld	P/F	Vol 000s			High	Low	Yld	P/F	Vol 000s			High	Low	Yld	P/F	Vol 000s												
Aerospace & Defence								Financial General								MS Intl								CVS Group																							
Cohort+	1140.00	20.03	1796.00	881.10	1.48	25.25	697.10	Arbuthnot Banking	880.00	-	1130.00	830.00	5.80	5.78	2.01	Media	1500.00	-50.00	1740.00	840.00	1.53	13.67	28.21	Support Services	1346.00	-12.00	1648.00	804.00	0.63	18.26	303.63	Begbies Traynor	116.00	-1.50	128.16	90.23	3.79	29.00	187.04								
Velocity Composites	16.50	-	37.52	13.00	-	-10.44	273.10	EP Marsh	685.00	-	735.49	616.00	1.98	2.54	22.55	Mission Group	18.50	0.50	33.00	16.00	-	15.42	69.34	Christe	122.50	-	170.70	75.00	2.04	15.51	3.88	LorSen	2650.00	-	3975.00	2800.00	3.40	16.13	3.01								
Basic Resources (Ex Mining)								Euford Capital								Mining								NWFF								Petacore								Renew							
Copper J	400.00	-	414.50	125.15	-	-7.26	10.39	Ferriter Mton Group	709.00	15.50	1247.00	621.00	1.31	14.32	102.22	Central Asia Metals	191.80	3.60	194.80	134.46	7.04	3.97	1397.86	NWFF	132.00	-	187.50	110.00	6.36	10.65	63.58	Petacore	901.00	-5.00	978.00	590.55	2.22	14.61	95.58								
Food & Beverages								Nichols								Oil & Gas								BoStnPet								Tech - Software & Services															
Camellia	500G.00	-45.00	6200.00	4000.00	5.19	-28.21	0.93	Feventree Drinks	826.00	-4.00	1020.00	638.50	2.07	39.52	230.5E	Crism Therapeutics	10.50	-0.25	29.40	5.64	-	-5.83	39.92	UnJckOil	9.75	0.15	13.00	3.10	-	-82.12	445.15	Oxford Metrics	52.60	1.60	62.99	38.50	6.18	-95.64	593.01								
DirectaPhos	13.00	0.53	21.00	5.50	-	-2.50	307.03	Nichols	956.00	-16.00	1480.00	924.00	3.36	19.57	43.85	Phoenix Group	741.50	0.50	756.50	475.20	7.38	-5.63	2190.84	Travel & Leisure	2.30	0.25	13.50	2.00	9.62	4.26	1210.26	Gaming Realms	40.30	-0.30	57.20	33.00	-	13.43	7205.36								
Construction & Materials								House, Leisure & Pers Goods								Pharmaceuticals & Biotech								Retailers								Botan Group															
Accsys Tech	60.50	-0.33	70.00	38.00	-	-6.36	35.57	Churchill	335.00	5.00	738.00	310.00	10.00	5.79	12.31	Sarcum Holdings	19.50	-0.50	29.00	9.50	-	-3.12	127.49	BoStnPet	9.75	0.15	13.00	3.10	-	-82.12	445.15	Jet2•	1379.00	-19.00	1963.00	1088.00	1.20	6.47	463.67								
Electronic & Electrical Equip								Frontier Dev								Retailers								Botan Group																							
Checkit	19.50	-	22.00	11.08	-	-5.91	12.00	Portmeirion	471.50	9.50	588.56	176.40	-	11.12	78.45	Pharmaceuticals & Biotech	19.50	-0.50	29.00	9.50	-	-3.12	127.49	BoStnPet	9.75	0.15	13.00	3.10	-	-82.12	445.15	Jet2•	1379.00	-19.00	1963.00	1088.00	1.20	6.47	463.67								
LPA	38.50	2.03	63.00	34.00	-	-15.65	15.88	Sanderson Design Grp	100.00	-	195.94	93.00	1.50	40.00	9.88	Pharmaceuticals & Biotech	19.50	-0.50	29.00	9.50	-	-3.12	127.49	BoStnPet	9.75	0.15	13.00	3.10	-	-82.12	445.15	Jet2•	1379.00	-19.00	1963.00	1088.00	1.20	6.47	463.67								
Thorpe FW	275.00	0.53	350.00	270.00	2.59	12.68	94.09	Sanderson Design Grp	44.00	-	58.00	38.00	3.41	-2.07	105.12	Pharmaceuticals & Biotech	19.50	-0.50	29.00	9.50	-	-3.12	127.49	BoStnPet	9.75	0.15	13.00	3.10	-	-82.12	445.15	Jet2•	1379.00	-19.00	1963.00	1088.00	1.20	6.47	463.67								
Industrial Engineering								Industrial Engineering								Retailers								Botan Group																							

Investment Companies

52 Week

Price

+/- Dly Chg

High

Low

Yld

NAV

Dis/1 Prem

Conventional (Ex Private Equity)

3i Infra

379.50

1.50

381.50

296.02

3.54

404.95

-6.78

Abt Gvt

81.25

-2.25

88.00

59.07

6.15

96.56

-14.49

Abt Smr

1604.00

-6.00

1618.00

1162.00

2.76

1789.10

-9.88

Aberdeen Asia Soc

381.00

3.00

383.00

238.01

1.69

425.05

-11.91

Aberdeen Asian Inc Fund

277.00

1.00

286.00

172.03

0.76

294.57

-5.94

Aberdeen Eur Inc

406.00

2.00

410.00

278.00

5.68

493.44

-0.64

Aberdeen UK Skill

517.00

2.00

525.00

404.56

2.55

567.93

-0.67

Alliance Writan

1294.00

-4.00

1300.00

998.73

1.29

1363.70

-4.89

Allianz Tech

543.00

3.00

551.00

281.33

—

593.66

-8.41

Artemis UK Future Lead

375.00

-5.00

390.45

295.00

4.00

434.15

-13.13

Aurora UK Alpha

279.00

4.00

279.00

197.63

—

302.31

-9.30

AVJ Japan

180.00

—

184.00

133.00

1.56

176.36

-1.81

BC China Growth

316.00

3.00

328.00

212.97

0.70

359.19

-8.92

BC Euro

111.00

1.00

111.00

80.30

0.65

117.86

-6.41

BC Japan

939.00

3.00

957.00

623.45

1.06

1006.58

-9.84

BC Shin

135.00

0.63

137.80

91.41

0.44

145.77

-10.07

BC US Growth

293.00

-0.50

300.00

183.35

—

311.24

-6.17

Baillie Gifford UK Bankers IT

209.00

—

211.00

155.00

2.73

232.20

-10.16

Baillie Gifford UK Bankers IT

135.60

—

136.40

94.10

2.01

147.83

-8.31

BelleVue Health

143.40

-1.40

149.20

108.40

3.77

150.04

-4.08

Biotech Growth

124.00

-20.00

129.00

61.70

—

134.82

-6.91

BlackRock Amer Smr

232.50

-2.50

235.00

169.87

5.03

237.96

-3.22

BlackRock Energy & Res

165.50

-3.00

168.50

87.81

2.87

171.76

-3.62

BlackRock Front

666.00

3.50

671.00

485.24

4.06

712.41

-1.53

BlackRock G&E

606.00

3.00

619.00

470.37

1.18

637.10

-5.51

BlackRock Int

277.00

2.00

290.00

175.00

3.35

255.71

-11.55

BlackRock Smrlr

1334.00

4.00

1368.00

1077.93

3.34

1522.10

-12.45

BlackRock Throgmonton

637.00

4.00

639.00

454.00

2.83

688.44

-7.75

BlackRock World Mining

938.00

30.00

940.00

377.00

2.45

917.81

-2.35

Brunner

1490.00

10.00

1514.00

1089.60

1.88

1607.14

-7.49

Caledonia Inv

384.50

3.50

395.00

321.50

2.36

563.95

-31.50

CanGen CS

2650.91

53.93

2653.04

1675.72

2.18

84.73

41.55

COS NatRes

541.00

—

542.00

382.27

3.99

531.36

+1.78

CQS NatRes

384.00

12.00

384.00

160.01

3.33

370.58

-1.26

CT Mgdl

126.50

—

128.00

102.00

6.01

124.83

+1.30

CT MgdlG

311.00

1.00

313.00

242.00

—

308.60

+1.15

CT Opd

350.00

-1.00

353.00

280.94

3.91

362.00

-2.94

CT UK HIT B

116.00

—

117.64

88.74

4.99

114.71

+0.97

CT UK HIT D

115.00

-1.00

119.98

85.55

5.03

114.51

+0.10

Denkavit Inc

310.00

—

311.00

254.00

5.28

295.27

-7.10

Edinburgh Inv

831.00

—

842.00

667.00

3.85

891.16

-6.42

Edin Worldwide

226.50

-1.00

221.00

133.00

2.41

61.85

-5.48

Euro Opps

935.00

1.00

950.00

735.13

0.21

1013.76

-6.89

The Euro SmI Co

224.50

0.50

225.00

155.45

2.18

252.18

-10.59

F&C Inv Trust

1265.00

-3.00

1271.00

900.75

1.28

1368.82

-7.67

Fidelity Asian

612.00

—

628.00

440.67

3.35

632.98

-3.64

Fidelity China

323.00

8.50

330.00

206.28

2.48

350.51

-9.77

Fidelity EmerMkts

1110.00

12.00

1114.00

615.00

1.78

1198.96

-10.83

Fidelity Euro

431.00

0.50

435.00

326.00

2.18

445.16

-3.24

Fidelity Spec

426.00

2.50

426.00

282.00

2.39

424.79

-0.05

Hinshury G&I

840.00

3.00

844.00

780.00

2.40

886.35

-5.47

52 Week

Price

+/- Dly Chg

High

Low

Yld

NAV

Dis/1 Prem

The Gbl Small Co

181.60

0.20

181.60

131.94

1.65

195.74

-7.55

CRIT

1.25

—

1.25

0.25

—

40.00

-91.32

Hansa

24.00

-1.00

24.00

190.00

1.17

493.43

-45.53

Schneider Inc

268.00

-2.00

278.00

188.36

1.19

493.43

-45.53

Henr Facs

245.00

1.00

255.00

182.67

1.04

234.62

+4.50

Henr High Inc

192.00

—

193.00

144.00

5.68

201.70

-5.00

Henr Smrlr

894.00

4.00

916.00

638.75

3.13

988.24

-9.75

Herald

2610.00

-30.00

2660.00

1682.00

—

2781.90

-12.10

Hiqix Inc

117.60

0.20

126.87

103.71

7.10

156.28

-24.48

Impact Emer

404.00

1.00

418.47

286.43

1.26

440.44

-8.10

Intl Biotech

968.00

-18.00

1000.50

480.00

3.29

1028.44

-5.19

IMT Corp

127.60

1.00

128.60

105.20

6.72

149.20

-15.13

Isis Asia Dragon Ts

441.00

3.00

449.00

288.00

3.58

470.64

-6.43

Inv Bond Inc

176.50

—

178.50

150.11

6.94

173.59

+1.70

JPM Amer IT

1124.00

-6.00

1198.00

827.00

0.98

1171.97

-4.04

JPM Asia G&I

476.00

5.00

477.50

323.00

5.61

507.37

-6.95

JPM China G&I

302.00

9.50

313.00

200.00

4.49

329.02

-9.85

JPM Clavr

886.00

2.00

886.00

632.23

4.05

926.69

-4.55

JPMGblCore

79.10

-0.90

85.80

58.00

—

94.21

-16.13

JPM Emrg EMEA

642.00

-8.00

310.00

175.33

0.21

67.30

-263.66

JPM Emrg

143.40

0.40

144.20

88.90

—

7.98

-7.98

JPM Eur Dis

613.00

1.00

614.00

434.00

2.12

662.31

-7.26

JPM Eur G&I

145.00

0.50

145.00

33.60

3.31

143.34

-0.05

JPM GEMI

177.00

1.00

178.00

114.00

3.39

189.42

-7.58

JPM Gbl G&I

584.00

6.00

614.00

441.50

3.94

901.80

-3.04

JPM India Gwth Inc

1004.00

—

1108.00

87.77

4.41

1190.04

-1.81

JPM UK Sm

330.50

0.50

340.04

242.54

4.39

365.14

-9.23

JPM US SmI

416.00

-2.00

520.00

334.01

0.75

452.01

-8.68

Law Deb

1104.00

6.00

1106.00

737.17

3.14

1105.97

-0.97

Lowland Train

642.00

-10.00

696.00

620.74

6.54

8.11

-20.38

Lufthansa

164.00

-0.50

165.00

111.00

0.44

179.45

-8.86

Majedie

276.00

—

284.00

224.00

3.04

310.13

-11.96

Marwyn Val

140.50

—

143.00

139.97

6.45

264.27

-47.58

Mercantile

263.00

0.50

263.50

195.00

3.06

291.91

-9.48

Merch. Trst

606.00

-2.00

611.00

488.00

4.82

845.24

-5.77

Mid Wynd

790.00

—

838.00

629.00

1.06

809.48

-2.30

Monks IT

1544.00

-8.00

1560.00

984.03

0.03

1540.69

-4.87

Montanero Eur

159.00

—

165.00

130.00

0.98

186.33

-8.86

Murray Inv

933.00

1.00

941.00

727.83

4.29

1020.01

-7.86

Murray Inv

332.50

0.50

337.00

219.00

3.64

329.78

-0.56

New Star IT

128.00

1.00

129.00

96.00

2.77

184.18

-31.58

N. Atl Smr IT

370.00

5.00

402.00

318.00

2.38

562.00

-34.65

Pac. Assets

374.00

1.00

378.00

287.00

1.31

417.50

-10.64

Pac. Horiz

836.00

8.00

837.00

494.62

0.18

911.75

9.72

Pers. Assets

547.00

1.00

548.00

487.00

1.32

544.69

+0.02

Polar Health

432.00

-2.00

439.00

285.00

0.56

427.59

+1.28

Polar Fin.

235.50

-2.50

240.50

189.94

2.04

241.51

-9.06

Polar Tech.

480.00

0.50

483.00

235.00

—

525.24

-9.95

Fights & Iss IT

2010.00

-20.00

2320.00

1670.00

2.20

2533.05

-22.65

RIT Cap.

2235.00

2.00

2280.00

1672.20

1.92

2899.00

-23.55

Sufflv Inv Pr

298.00

2.00

309.50

261.50

2.08

307.95

-3.65

Scuder AsiaPac

692.00

2.00

695.00

455.48

1.88

762.55

-9.40

52 Week

Price

+/- Dly Chg

High

Low

Yld

NAV

Dis/1 Prem

Schdr AsiaTotal

582.00

—

586.00

384.00

1.98

593.53

-2.14

Schdr CapGbl

15.00

0.00

16.40

8.54

2.01

21.42

-28.51

Schdr Euro

63.40

0.80

72.00

58.40

6.09

103.10

-39.20

Schneider Inc

351.00

3.00

356.00

249.00

1.19

372.94

-5.44

Schdr Japan

334.00

3.00

335.00

198.00

2.46

343.88

-6.89

Schdr Orient

356.00

4.50

356.00

233.47

4.33

365.15

-3.82

Schdr REIT

56.90

0.70

57.50

42.50

6.31

65.92

-15.03

Schdr UK Mid

728.00

—

732.00

489.59

5.08

782.57

-6.85

Scot American

5210.00

3.00

525.98

427.03

2.98

565.55

-9.10

Scot Mortgage

1215.00

3.50

1218.50

778.14

0.36

1339.95

-10.02

Scot Oriental

276.00

2.00

310.00

242.60

1.23

312.66

-14.49

Shires Income

306.50

-3.50

319.00

210.00

5.06

315.18

-1.95

Smithson

1574.00

-4.00

1644.00

1224.00

0.04

1619.89

-2.60

Strategic Eq

382.00

-3.00

405.00

262.00

1.11

404.74

-6.68

Temple Bar

382.00

-1.50

388.00

249.36

3.73

379.26

-0.86

TRIG

69.40

0.60

90.00

47.10

10.88

109.93

-37.58

UIL

163.00

—

169.00

157.75

4.91

229.44

-30.73

Utilico EmerMkts

219.00

5.00

281.00

190.04

3.37

312.62

-12.58

Worldwide

835.00

1.10

836.00

453.00

—

852.83

-12.26

Worldwide Hlth

380.50

5.00

397.03

256.54

0.63

414.78

-6.37

Conventional - Private Equity

CT PrivEq

568.00

2.00

570.00

396.00

4.94

688.82

-18.98

HCPIV

3150.00

15.00

3160.00

2136.00

—

4369.00

-28.59

HPMCE

509.00

—

542.00

420.00

1.08

551.56

-8.08

IGC Int

1536.00

24.00

1611.42

1064.00

2.47

2030.63

-26.26

Partheon Int

383.00

—

385.00

262.00

—

522.80

-26.94

Partners PE E

905.94

4.96

945.52

775.85

2.18

13.38

-22.27

Patna HT

631.00

1.00

640.00

494.00

7.19

842.27

-25.20

Conventional - Property ICS

A&W UK H&I

107.40

0.20

113.92

92.00

7.45

108.00

-0.90

SLP

328.50

-0.50

343.00

273.70

4.87

359.93

-6.64

VCTs

Bmd 2nd VCT

50.55

—

55.00

42.50

7.91

52.80

-4.26

Nitin 2 VCT

53.50

—

57.00

51.00

5.61

55.00

-4.48

Nitin 3 VCT

83.00

—

86.50

81.00

5.42

87.20

-4.82

Nitin Venture

56.50

—

60.00

50.00

5.49

59.10

-4.40

Zero Dividend Preference Shares

Aberforth GV

115.00

—

119.00

102.00

—

113.94

+3.72

Investment Companies - AIM

Crys Amber

123.50

—

159.00

97.00

—

181.56

-31.98

52 Week

Price

+/- Dly Chg

High

Low

Yld

NAV

Dis/1 Prem

Conventional (Ex Private Equity)

3i Infra

379.50

1.50

381.50

296.02

3.54

404.95

-6.78

Abt Gvt

81.25

-2.25

88.00

59.07

6.15

96.56

-14.49

Abt Smr

1604.00

-6.00

1618.00

1162.00

2.76

1789.10

-9.88

Aberdeen Asia Soc

381.00

3.00

383.00

238.01

1.69

425.05

-11.91

Aberdeen Asian Inc Fund

277.00

1.00

286.00

172.03

0.76

294.57

-5.94

Aberdeen Eur Inc

406.00

2.00

410.00

278.00

5.68

493.44

-0.64

Aberdeen UK Skill

517.00

2.00

525.00

404.56

Guide to FT Share Service

DATA as well as at close of the previous business day. Company classifications are based on the CC system used by TSE. FSTE 100 constituents are shown in bold. Closing prices are shown in percent unless otherwise indicated. H/Es and lows are based on intra-day trading over a rolling 2 week period. Price/earnings ratios (P/E) are based on latest annual reports and accounts and are updated with interim figures. P/E is calculated using the company's diluted earnings from continuing operations. Yields are based on closing price and on dividends paid in the last financial year and updated with interim figures. Yields are shown in net terms; dividends on UK companies are net of 10% tax, non-UK companies are gross of tax. High %s and lows, yields and PER are adjusted to reflect capital changes where appropriate. Trading volumes are end of day aggregated totals, rounded to the nearest 1,000 shares. Net asset value per share (NAV) and split analytics are provided only as a guide. Discounts and premiums are calculated using the latest cum fair net asset value estimate and closing price. Discounts, premiums, gross redemption yield (GRY) and hurdle rate (HR) to share price (SP) and HR to wipe out (WO) are displayed as a percent. NAV in pence.

trading ex-c dividend
trading ex-capital distribution
price at time of suspension from trading
FT Wilshire Global 500 company

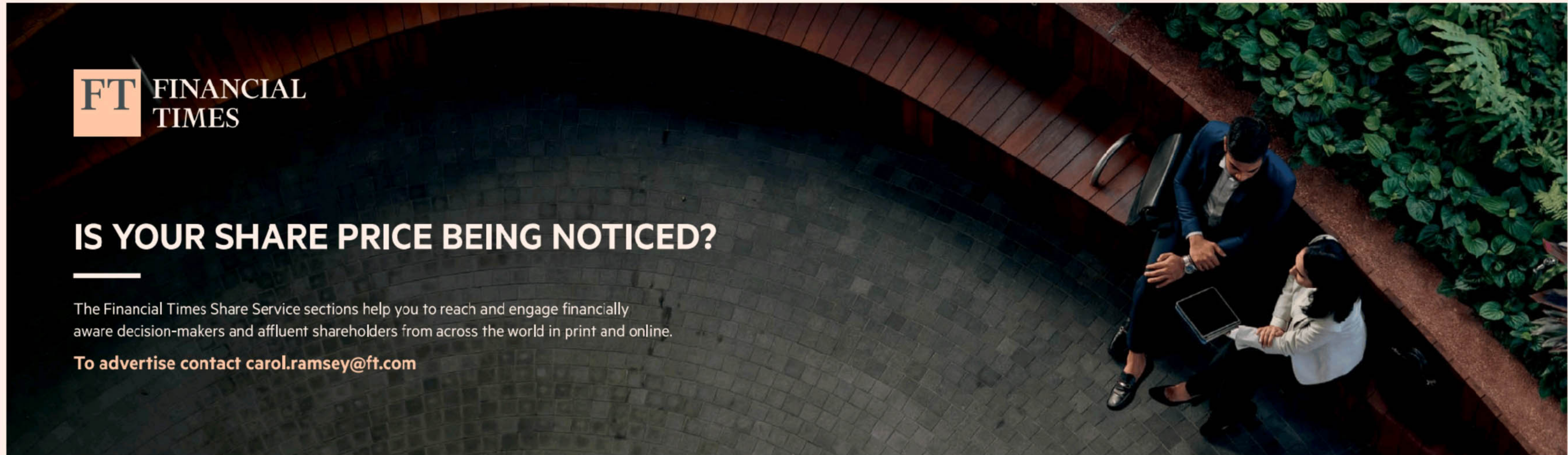
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www.ice.com



MANAGED FUNDS SERVICE

Findlay Park

Findlay Park Funds ICAV

Riverside One, Sir John Rogersons Quay, Dublin 2, D02 X576, Ireland

Tel:020 7968 4971

FCA Recognised

American EUR Unhedged Class

€

208.48

-

1.88

0.00

7.63

10.28

American Fund USD Class

£

242.74

-

1.65

0.00

15.05

13.75

American Fund GBP Hedged

£

116.97

-

0.80

0.00

10.93

14.79

American fund GBP Unhedged

£

180.88

-

1.54

0.00

8.02

8.07

Fundsmith LLP (1200)F

PO Box 10846, Chelmsford Essex CM99 2BW 0330 123 1815

www.fundsmith.co.uk enquiries@fundsmith.co.uk

Authorised Inv Funds

Fundsmith Equity T Acc

730.83

-

-0.25

0.00

8.75

8.40

Fundsmith Equity T Inc

660.71

-

-0.22

0.00

5.08

7.28

GUINNESS

GLOBAL INVESTORS

Guinness Global Investors

Guinness Global Equity Income Y GBP Dis

£

22.74

-

0.10

2.05

13.13

10.04

Guinness Global Innovators Y GBP ACC

£

44.99

-

0.62

0.00

25.12

21.95

Guinness Global Quality Mid Cap Y 5bp Acc

£

13.07

-

0.15

0.00

3.36

4.33

HPB Assurance Ltd

Anglo Irtl House, Bank Hill, Douglas, Isle of Man IM1 4NL 01638 563439

International Insurances

Holiday Property 3ond Ser 1

£

0.49

-

0.00

0.00

0.51

0.47

Holiday Property 3ond Ser 2

£

0.65

-

0.00

0.00

1.81

1.31

Janus Henderson

INVESTORS

Janus Henderson Investors

PO Box 3023, Chelmsford CM99 2WB Enquiries:0800 832 832

www.janushenderson.com

Authorised Inv Funds

Janus Henderson Absolute Return Fund A Acc

202.60

-

0.00

2.20

7.65

7.32

Janus Henderson Asian Divi Inc Unit Trst Inc

87.52

-

0.09

7.50

0.00

0.00

Janus Henderson Cautious Mngd Fund A Acc

346.20

-

0.60

3.80

7.76

5.20

Janus Henderson Cautious Mngd Fund A Inc

153.00

-

0.20

3.90

4.06

5.49

Janus Henderson China Opp Fund A Acc

1404.00

-

10.00

0.30

4.30

-7.78

Janus Henderson Emerging Markets Asia A Acc

1594.00

-

-3.00

0.00

7.66

3.13

Janus Henderson Emerg Mkts Opps Fnd A Acc

260.50

-

-0.60

0.00

11.90

6.19

Janus Henderson Mid & Large Cap Fund

387.80

-

0.70

0.70

9.81

11.69

Janus Henderson Euro. Sel Upps fund A Acc

3184.00

-

5.00

0.70

1.81

14.10

Janus Henderson Fixed Int Mthly Inc Fd Inc

17.64

-

0.02

6.10

2.23

2.84

Janus Henderson Global Equity Inc Fnd Inc

79.24

-

0.27

2.60

6.92

7.17

Janus Henderson Global Select Fund Acc

6147.00

-

22.00

0.00

15.29

11.29

Janus Henderson Global Sust Equity Fd A Inc

642.20

-

1.50

0.00

13.29

11.67

Janus Henderson Global Tech Ldrs Fnd A Acc

5788.00

-

43.00

0.00

27.97

26.52

Janus Henderson Instl UK Index Opps A Acc

165.43

-

1.26

2.50

12.28

1.63

Janus Henderson Multi-Asst Abs Rtn Fd A Acc

183.10

-

0.10

2.00

4.80

4.19

Janus Henderson Multi-Mgr Actv Fd A Acc

314.80

-

0.00

1.60

7.75

7.27

Janus Henderson Multi-Mgr Dist Fd A Inc

134.10

-

0.40

2.90

2.90

3.02

Janus Henderson Multi-Mgr Div. Fd. Fd A Acc

102.90

-

0.30

3.60

10.02

6.88

Janus Henderson Multi-Mgr Gbl Sel Fd A Acc

405.30

-

0.60

0.60

8.89

8.61

Janus Henderson MultiMgrInc&Gwth FdA Acc

223.40

-

0.60

2.90

6.86

6.94

Janus Henderson Multi-MgrInc&Gwth Fd A Inc

158.00

-

0.40

2.90

3.23

3.46

Janus Henderson Multi-Mgr Mngd Fd A Acc

382.20

-

0.00

3.10

7.59

7.26

Janus Henderson Multi-Mgr Mngd Fd A Inc

357.10

-

0.00

1.60

5.87

6.01

Janus Henderson Sterling Bond Unit Trust Acc

231.60

-

0.40

3.80

7.11

4.83

Janus Henderson Sterling Bond Unit Trust Inc

57.83

-

0.10

3.80

2.52

2.25

Janus Henderson Strategic Bond Fund A Inc

98.55

-

0.11

5.60

0.66

-0.25

Janus Henderson UK Alpha Fund A Acc

183.90

-

0.10

1.40

18.83

12.37

Janus Henderson UK Eq Inc & Grwth Fd A Inc

639.70

-

-1.10

3.80

11.27

9.70

Janus Henderson US Growth Fund A Acc

2883.00

-

8.00

0.00

27.21

21.51

Private Fund Mgrs (Guernsey) Ltd

(GSY)

Regulated

Monument Growth 06/01/2026

£

594.27

598.95

0.00

0.72

7.00

4.18

Purisima Investment Fds (UK) (1200)F

(UK)

3rd Floor, Central Square, Wellington Street, Leeds LS1 4DL

Order Desk and Enquires:0345 927 0044

Authorised Inv Funds

Authorized Corporate Director-Waystone Management (UK) Limited

Global Total Fd PCG A

651.51

-

1.45

0.16

18.91

19.49

Global Total Fd PCG B

642.49

-

1.41

0.00

18.85

19.06

Global Total Fd PCG INT

627.68

-

1.37

0.00

18.59

18.90

Purisima Investment Fds (CI) Ltd

(JER)

Regulated

PCG B

624.83

3.39

0.00

21.77

22.99

PCG C

507.13

-

3.27

0.00

21.49

22.73

Royal London

(UK)

80 Fenchurch Street, London EC3M 4BY

Authorised Inv Funds

Royal London Sustainable Diversified A Inc

288.20

-

0.90

1.43

7.37

0.00

Royal London Sustainable World A Inc

484.60

-

2.60

0.74

11.27

11.76

Royal London Corporate Bond Mth Income

79.31

-

0.15

4.37

3.96

3.21

Royal London European Growth Trust

276.40

-

0.80

1.26

9.86

12.47

Royal London Sustainable Leaders A Inc

1008.00

-

3.00

1.38

9.93

11.06

Royal London UK Growth Trust

839.20

-

2.20

1.84

12.86

12.43

Royal London UK Income With Growth Trust

244.50

-

0.50

3.96

7.83

7.75

Royal London US Growth Trust

595.10

-

-1.30

0.04

15.73

15.77

Additional Funds Available

Please see [www.royallondon.com](#) for details

Ruffier LLP (1000) F

(UK)

3rd Floor, Central Square, Wellington Street, Leeds LS1 4DL

Order Desk and Enquiries: 0345 801 9610

Authorised Inv Funds

Authorised Corporate Director-Waystone Management (UK) Limited

WS Ruffier Total Return C Acc

590.81

0.00

1.21

5.66

1.56

WS Ruffier Total Return C Inc

348.15

-

0.00

1.22

0.00

0.00

SICO BSC BHR

(BHR)

Telephone - +973 1751 5700

Website - [www.sicobank.com](#)

Khaleej Equity Fund

\$

610.83

-

-1.38

0.00

-

-

Sico Gulf Equity Fund

\$

200.13

-

-1.07

0.00

-

-

SICO Capital KSA

(KSA)

Telephone - +966 11 521 3835

Website - [www.siconcapital.com](#)

SICO Kingdom Equity Fund

SAR

10.36

-

0.01

0.00

-

-

SICO MENA Equity Fund

SAR

21.17

-

-0.08

0.00

-

-

Stonehage Fleming

STONEHAGE FLEMING

GLOBAL BEST IDEAS EQUITY FUND

Stonehage Fleming Investment Management Ltd

(IRL)

[www.stonehagefleming.com/ibj](#)

[enquiries@stonehagefleming.com](#)

Regulated

SF Global Best Ideas Eq B USD Acc

\$

313.84

-

4.26

0.00

9.87

14.92

SF Global Best Ideas Eq D GBP Inc

£

354.83

-

5.42

0.00

6.45

7.30

Superfund Asset Management GmbH

[www.superfund.com](#) +43 (1) 247 00

Other International Funds

Superfund Green Gold

\$

1904.32

-

0.00

0.00

38.48

12.21

Superfund Green Silver

\$

2254.82

-

0.00

0.00

39.20

3.56

Regulated

Superfund Green

\$

732.32

-

0.00

0.00

2.92

-13.06

Superfund Blockchain

€

24.84

-

2.11

0.00

81.40

-

Superfund Gold Silver + Mining

€

22.23

-

1.20

0.00

39.75

-

Superfund Quadriga All Seasons

€

14.76

-

0.37

0.00

19.02

-

Troy Asset Management (1200)

(UK)

3rd Floor, Central Square, Wellington Street, Leeds LS1 4DL

Order Desk and enquiries 0345 608 0350

Authorised Inv Funds

Authorised Corporate Director-Waystone Management (UK) Limited

Trojan Investment Funds

Trojan Ethical Global Inc O Acc

118.42

-

-0.03

2.59

8.85

5.63

Trojan Ethical Global Inc O Inc

106.87

-

-0.02

2.63

5.82

1.96

Trojan Ethical O Acc

157.74

-

0.57

1.18

10.16

7.86

Trojan Ethical O Inc

153.34

-

0.56

1.19

8.78

6.81

Trojan Ethical Income O Acc

162.72

-

0.35

2.50

10.12

7.63

Trojan Ethical Income O Inc

125.82

-

0.27

2.65

6.13

4.10

Trojan Fund Acc

457.51

-

1.08

1.11

8.76

6.34

Trojan Fund Inc

361.38

-

0.85

1.28

7.54

5.01

Trojan Global Income O Acc

181.39

-

0.26

2.97

10.47

5.62

Trojan Global Income O Inc

138.20

-

0.20

3.02

6.80

2.31

Trojan Income O Acc

390.65

-

1.40

2.72

9.99

7.14

Trojan Income O Inc

177.22

-

0.63

2.81

6.27

3.44

Troy Asset Management (1100)

(IRL)

Kilmore House, Spencer Dock, North Wall Quay Dublin 1, D01 YE84, Ireland

Enquiries +353 (0) 1672 1600

FCA Recognised Funds

Management Company - Universal Investment Ireland

Trojan Funds (Ireland) Plc

Trojan Europe O EUR Acc

€

1.0132

-

0.00

0.00

0.00

0.00

Trojan Exclusions X GBP Acc

€

1.3198

-

0.00

0.00

9.80

7.44

Trojan Global Equity O GBP Acc

€

6.4751

-

-0.01

0.20

11.94

11.12

Trojan Global Income (Ireland) O GBP Acc

€

1.1851

-

0.00

0.00

8.86

0.00

Trojan Income (Ireland) O GBP Acc

€

1.7477

-

0.01

0.00

7.80

0.00

Trojan (Ireland) O GBP Acc

€

1.8414

-

0.00

0.00

8.06

0.00

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OEIC: Open-Ended Investment Company. Similar to a unit trust but using a company rather than a trust structure. Different share classes are issued to reflect a different currency, charging structure or type of holder.

Bid price: Also called selling price. The price at which units in a unit trust are sold by investors.

Offer price: Also called buying price. The price at which units in a unit trust are bought by investors. Includes manager's initial charge.

Single price: Based on a mid-market valuation of the underlying investments. The buying and selling price for shares of an OEIC and units of a single priced unit trust are the same. Treatment of manager's periodic capital charge.

24 and 36 months: 24 and 36 month annualized performance figures calculated using the total gain (or loss) from that period. Performance formula is adjusted to consider the income distribution during the reference period.

Yield: Calculated using the fund's projected annual income, divided by the latest available net asset value.

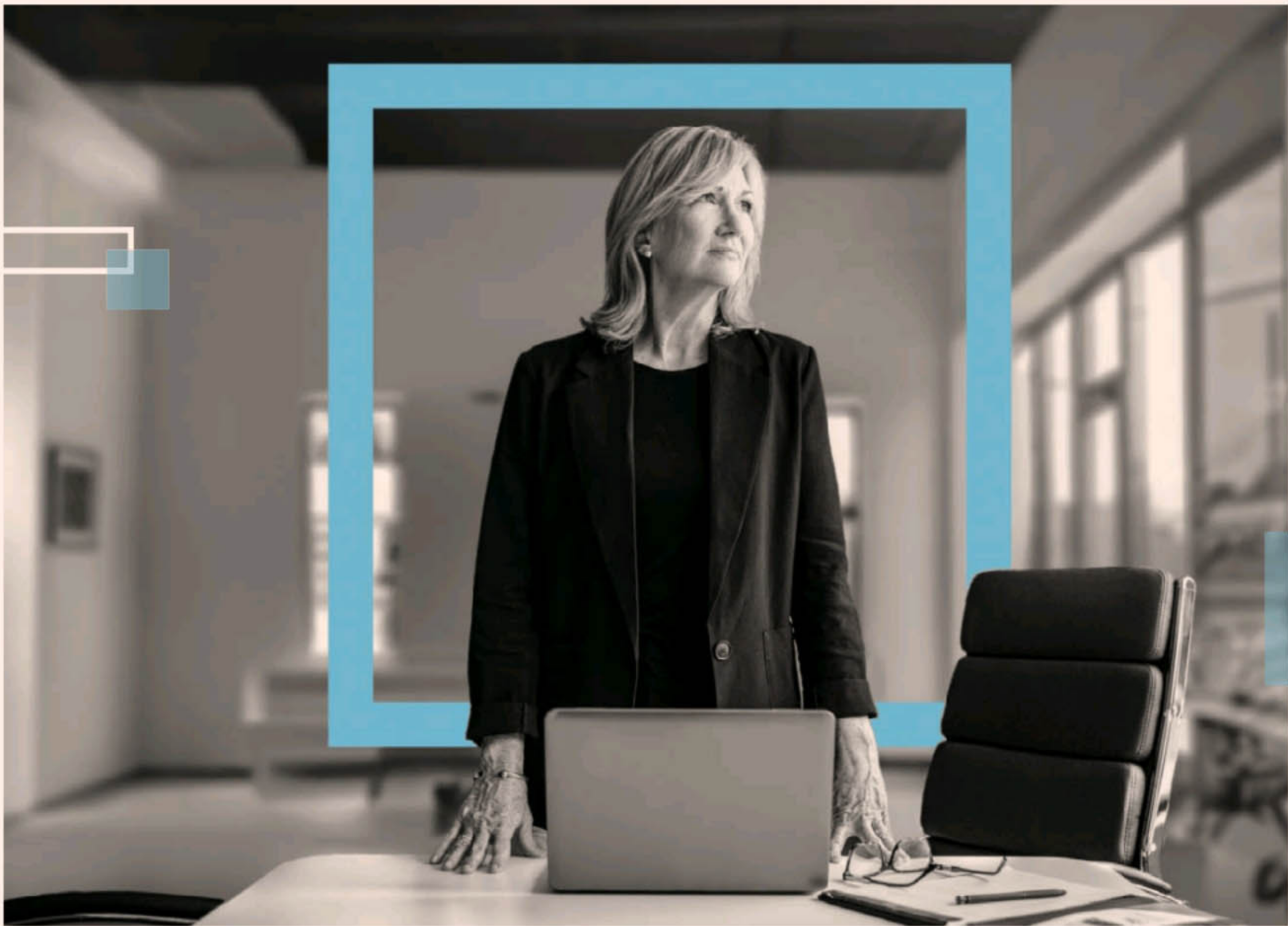
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ARTS

Prize-winning pianism that floats on a heavenly cloud

The elegance of sound that won Eric Lu the Chopin Piano Competition is revealed in two releases, writes Richard Fairman

Choosing the winner at the 2025 International Fryderyk Chopin Piano Competition was not an easy business. The jury talked for five hours as they struggled to reach a decision and, when they finally re-entered the hall at 2am, were amazed to find the audience still in their seats waiting for the verdict.

That is how all-consuming this competition can become. Other piano competitions have come on to the scene since Poland’s flagship competition was inaugurated in 1927, but none has surpassed this one in esteem. Named in honour of the country’s most famous composer, it is only held once every five years, so winning it is a big deal.

The roll-call of past winners remains second to none. First-prize winners have included Bella Davidovich, Maurizio Pollini, Martha Argerich, Krystian Zimerman, Yundi Li and Seong-Jin Cho, while the second prize has heralded the international careers of Vladimir Ashkenazy and Mitsuko Uchida.

Why then was the 2025 competition so problematic? From a starting total of 171 competitors (63 of them, no less, from China), 84 went forward to the four stages of the main competition, a large number but not impossible. These days the standard of entrants is so high that there is often little separating them, but beyond that another, very specific concern faced the 17 jurors as they looked for unity on their choice.

The eventual winner was the American Eric Lu, then aged 27, and unusually he was by no means an unknown quantity. Lu had even taken part in the Cho-

pin Competition before, when he came fourth back in 2015, and gone on to win the Leeds International Piano Competition, appearing with leading orchestras and landing a record contract with Warner Classics.

With the release of a new recital disc and a live selection of his 2025 Chopin Competition performances also having appeared, this seems a good moment to look back at why his success in Warsaw was both controversial and deserved.

A return to the Chopin competition by a pianist who had already achieved so much was clearly an issue, not least for Lu himself. Other competitors would be looking forward to some upside from taking part, but Lu could potentially have a lot to lose. At a press conference, he described that when he told friends he intended to enter, they responded on the lines of, “I wouldn’t do it myself”. His parents came back with an immediate “Oh, no, no!”

It was only after his win that Lu felt free to talk about the punishing anxiety he had endured and how the desire to fulfil his potential at the competition still proved stronger. “I felt like I played for so many people at such a fragile age in my life when I wasn’t really ready to do it,” he said of 2015. “I felt that while my career was going well, it was not at the level that I have the ambitions for.”

For the jury, the issue was one of various competing priorities. The chair, Garrick Ohlsson, himself a former winner in 1970, kept finding himself “the onion in the petunia patch”, constantly at variance with the others in his markings. “I am not surprised that there was a great difference of opinion, but I didn’t



know that it would become during discussions so totally blocked.”

Unable to reach a decision through discussion, the jury decided to revert to the results of their opening secret ballot – the fairest outcome to which all could sign up. “If the point of a competition is to discover a bright new talent, then this year wasn’t particularly exciting,” says John Allison, one of the jurors and editor of Opera magazine. “[But if it] is to give the highest number of marks to the best pianist, then we did absolutely fine”.

A live recital disc, made during the competition, was rush-released by Deutsche Grammophon, allowing us to come to our own judgments. Uniquely among piano competitions, the Chopin competition is dedicated solely to performances of its namesake’s music, and with his mix of elegance of sound, clarity of execution and techni-

Eric Lu performs at the International Fryderyk Chopin Piano Competition in Warsaw. Left, Lu during the announcement of results

Wojciech Grzedzinski

‘It was only after his win that Lu felt free to talk about the punishing anxiety he had endured’

cal case, Lu has all the basic requirements for a first-class Chopin player.

The selection included on this disc ranges across the competition’s four rounds. The three Mazurkas, Op 56, achieve an intimacy that one might not expect in a large concert hall. The Nocturne in C Sharp Minor, Op 27 No 1, melds moonlit stillness to underlying passions, even if pianists such as Maria João Pires and Stephen Hough have shown how naturally the music sings at faster speeds. The exemplary performance of the Sonata No 2 in B Flat Minor bears out Allison’s judgment that Lu’s playing of the two mature Chopin sonatas were “interpretatively high points” of the competition.

The new release from Warner Classics takes him back to Schubert for the Impromptus, following recordings of two of Schubert’s piano sonatas and a disc of Chopin, Schumann and Brahms. This is less obviously a central recommendation, mainly because Lu allows himself a generous amount of time, each Impromptu clocking in slower than they do with other major pianists.

That said, it would be hard to imagine the time better spent. The music floats on a heavenly cloud lit up from within with a radiance of sound, the essence of Schubertian lyricism. The most tuneful of the Impromptus, the G Flat Major, sings with the utmost sensitivity. Given how slow some passages are, it is impressive that Lu is able to fill the time with expressive touches and not lose momentum, ensuring that Schubert’s “heavenly lengths” (Schumann’s phrase) always know where they are going. These pieces are favourites of piano teachers and it would probably not be a good idea for students to copy Lu’s expansiveness. For everybody else, there is much beauty to be had.

‘Eric Lu: Winner of the 19th International Fryderyk Chopin Piano Competition’ is available on DG

‘Schubert: The Impromptus Opp. 90 & 142’ with Eric Lu is available on Warner Classics

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FT BIG READ. INNOVATION

European companies pioneered much of the technology that is used in renewables, but failed to capitalise as Chinese groups came to dominate much of the industry. Have they left it too late?

By Rachel Millard, Alice Hancock and Nic Fildes

How the west fell behind in green tech

In the late 1980s, Denmark’s pioneering wind power sector celebrated a potential new customer. Engineers at Bonus Energy completed an order for 13 turbines from a company in China’s Xinjiang region, which were delivered on the Trans-Siberian railway.

The turbines were a proof of concept to help show Chinese officials that it was “doable, and if you got the technology right, it was reliable”, recalls Henrik Stiesdal, sometimes known as the “godfather” of the wind industry for his influential turbine inventions and who at the time was working for Bonus.

Denmark even threw in some financial incentives: China’s Xinjiang Wind Energy Corporation received funding from Danida, the country’s development aid agency, for the turbines.

Nearly four decades later, the tables have completely turned. China has become the global powerhouse in renewable energy technologies, supplying more than 90 per cent of the world’s solar panels and dominating battery supply chains, as well as the processing of rare earth materials that are critical to the industry.

China’s enormous manufacturing capacity has lowered costs of solar power beyond the most ambitious projections of industry executives, triggering a rush to adopt it around the world. But competition from China has also helped tip swaths of US and European industry into bankruptcy.

“We created the market [for solar] and made it interesting for investors,” says Eicke Weber, a solar industry veteran and former co-chairman of the European Solar Manufacturing Council. “But we forgot to make industrial policies.”

At a time when Europe and the US are both scrambling to find ways to respond to China’s industrial competitiveness, the experience of how the green tech industry lost its early lead has become a central lesson.

Among western governments and officials, there are three key questions. How was it that so many of the key technologies for the emerging industry were initially developed in the west but have been commercialised in China? How was China able to scale its industry at a time when the west was betting on open markets and globalisation? Has the tilt towards industrial policy over the past five years helped recover any of the lost ground?

“We all were asleep at the switch as the Chinese government decided to prioritise these clean energy technologies as a matter of national industrial strategy,” says Geoffrey Pyatt, a former US assistant secretary of energy and diplomat now at the advisory firm McLarty Associates.

Having lost out to China in solar, European officials fear their companies might not be able to hang on in other renewable technologies. Although Europe’s wind turbine manufacturers still lead outside China, competition from China-based companies such as Goldwind, Xinjiang Wind’s successor, is becoming ever more intense.

“In both wind and even the auto sector, Europe still has an industry that it could protect,” says Michal Meidan at the Oxford Institute for Energy Studies. “In solar, that’s gone.”

In an effort to regain the initiative, Brussels has stepped up its use of trade probes and tariffs to slow the flow of subsidised Chinese goods into the bloc and is pushing more robust efforts to diversify supply chains away from China.

It is also working on plans to introduce “Made in Europe” targets, akin to the “Made in China 2025” plan Beijing first launched in 2015 to boost domestic content of key goods and innovation.

In the US, the Biden administration embraced more vigorous industrial policy on cleantech while Donald Trump is putting significant focus on developing alternative sources of rare earths.

But some believe such measures may be too little too late. The collapse of Swedish battery champion Northvolt at the end of 2024 and the insolvency of several subsidiaries of Swiss solar-panel maker Meyer Burger in 2025 suggests that Europe will need to do more to support its homegrown companies if it is to compete with China.

Gunter Erfurt, chief executive of Meyer Burger until September 2024, says overcapacity in China is still undercutting European companies. “Europe is now even more trapped [by China] than ever before,” he says.



Having lost out in the battle for solar supremacy, Europe’s wind turbine manufacturers still lead China, although competition is becoming ever more intense

CFOTO

Fatih Birol, executive director of the International Energy Agency, says that “developing technology is like running a marathon”. He adds: “Europe finished the first 10 kilometres ahead of everybody. But China finished the marathon. China gets the gold medal.”

As it stands today, China now controls more than 80 per cent of production for each key stage of solar panel manufacturing, from polysilicon ingots to wafers, cells and modules. To achieve such dominance, it initially leaned on outside help.

One of the early links was Martin Green, a professor at the University of New South Wales in Australia, who invented the PERC technology that would go on to be used in about 90 per cent of solar panels. This helped him attract students from around the world to his courses.

Among those students was Shi Zhenrong, the adopted son of a poor Chinese family, who had been sent abroad to study by China’s Shanghai Institute and completed his PhD with Green in 1992. Shi returned to China in 2001 to set up a solar panel company, helped by financial support from the city of Wuxi, eastern China.

Suntech Power would become the world’s largest solar-panel maker and, in 2005, the first privately owned Chinese company to list on the New York Stock Exchange.

It kicked off a wave of IPOs among China’s growing solar panel industry, which raised billions of dollars and saw several of Green’s team hired as chief technology officers in order to meet US due diligence rules, Green recalls.

“There’s a strong Australian connection,” says Green, noting that Shi was not the only one of his students who went back to China to set up solar-panel makers. “We have played a big part in the technical development of the industry.”

Green’s experience is just one example of how research, technical knowhow and equipment spread from the west to China during the 1980s to 2000s. During this period US and European companies regularly sold production lines or other equipment to China and licensed or shared their technology in exchange for access to the Chinese market.

“There were different technology transfer channels and mechanisms, but the common thread was the learning-centred approach by the Chinese government and companies,” says Rasmus Lema, an expert on the spread of green technology at the University of Johannesburg in South Africa. “From the beginning, they had a strategic vision of becoming leaders in these technologies.”

For years, Germany was a prolific exporter of solar production equipment to China. So much so that Michael Carr, executive director of the US Solar Energy Manufacturers for America Coalition, a trade group, recalls being told during a tour of leading manufacturers in China in 2008 that the production lines were all German. “But we’ve improved them by 20 per cent,” Carr says he was told.

Similarly Poly Energy, an Italian maker of polysilicon – the key ingredient in solar panels – transferred key production knowhow to China’s Dapo New Energy in 2008, helping China break the grip on polysilicon supply held by the US, Europe and Japan.

That same year, Goldwind, now the world’s largest turbine manufacturer, bought a 70 per cent stake in Vensys, a German pioneer of gearless wind turbines. Goldwind had licensed Vensys’s technology for manufacture in China five years earlier. “Vensys had a smart nacelle design [the brain of the turbine] and that became the basis of the early Goldwind machines,” recalls Stiesdal, the Danish inventor.

In the early days of the solar industry in the 1980s, there was “very little caution . . . No one had the fantasy to believe China would compete on an equal footing in 15 years’ time,” says Lema. But as China’s solar sector became more competitive, companies became more wary about selling their kit. “Meyer Burger supplied equipment but got increasingly nervous about how quickly the Chinese were able to copy it,” says Weber, the solar veteran who was also on the board of Meyer Burger between 2007 and 2010.

Turning point came towards the end of the 2000s, as China’s rapid development of factories, encouraged by the crucial development of its own polysilicon industry, helped push the industry into overcapacity. Solar-panel makers in Germany bat-

tled with falling prices, difficulty accessing financing and Chinese competitors who were undercutting aggressively on price but were also offering payment terms of more than 100 days. “Europeans really could not compete,” says Anton Milner, co-founder of Q-Cells, a leading solar-panel maker.

The industry lobbied the EU to intervene, arguing that Chinese companies were getting unfair subsidies.

But anti-dumping tariffs the EU imposed on China in 2013 were “too little too late”, argues Michael Schmela, executive adviser at Solar Power Europe.

Milner’s company Q-Cells filed for bankruptcy in 2012 and was taken over by South Korea’s Hanwha. It was one of several companies succumbing to a brutal wave of consolidation which also rebounded on China’s solar sector, which was struggling with heavy debts.

Shi’s Suntech went bankrupt in 2013. But China, which had made significant advances in automation, efficiency and scale, emerged stronger. By 2018, about 60 per cent of the world’s solar panels were made in China. “It was a roller-coaster ride,” adds Milner.

Western governments were slow to realise the implications of China’s renewables boom.

Jos Delbeke, the EU’s most senior climate official between 2010 and 2018, recalls how the EU initially enjoyed the cost reductions from Chinese technology, and did not see growing trade with it as a threat. “We did not sufficiently realise that China may have been taking over,” he says.

Pyatt, at McLarty Associates, says supply chains were taken for granted. “And China offered such a compelling cost structure – [albeit] with a lot of shadow costs, including often atrocious labour and environmental standards,” he added. Human rights groups accuse China of using forced labour in polysilicon production, particularly in Xinjiang.

Isabel Hilton, founder of China Dialogue, a non-profit, says that western companies were hampered by a relative lack of support from their governments.

“There was an ideological commitment to globalisation which was deeply embedded across the western business ecosystem, and an ideological hostility to industrial policy,” she says. “And once China was in the World Trade Organization [from 2001], you had an absolutely straightforward clash of systems and, frankly, China won.”

Kai Wu, a Goldwind vice-president, says that when China entered the sector, it was able to utilise newer technologies. The country’s rapid expansion in infra-

structure and a surge in engineering graduates made renewables projects cheaper and faster to build than those in many western countries.

The first Obama administration recognised the importance of clean energy industries, putting in place legislation with measures to boost clean energy production and jobs in the installation sector as well some manufacturing tax credits.

But even there, “most of the trade policy was really incentivising overseas production of solar [ie equipment],” says Kate Gordon, chief executive of non-profit California Forward and a former US government energy adviser. “It was just part of a normal, neoliberal approach to trade at the time.”

Vince Cable, the UK’s business secretary between 2010 and 2015, remembers how the Green Investment Bank he set up to boost the development of green energy in Britain was reined in by limited funding, before being sold to Australian bank Macquarie in 2017.

“What we’d hoped to do originally was to create a sort of KfW [Germany’s state-owned development bank] type of institution with very substantial borrowing powers as well as equity to operate on a big scale,” he recalls. “In the event, I had to accept that the Treasury was never going to agree to that . . . by 2016 they wanted their money back.”

Belated attempts to use protectionism to support renewables sometimes backfired. After the US imposed tariffs on Chinese solar imports in 2012, China responded with higher tariffs on polysilicon in 2014, heaping pressure on US companies. When SunEdison in the US filed for bankruptcy in 2016, its patents were sold to China’s GLC-Poly Energy Holdings. Tariffs have also been hard to enforce, as China rerouted supply chains.

“We’ve had to play whack-a-mole for the better part of 15 years,” recalls Timothy Brightbill, a US trade lawyer.

As they try to protect what’s left, US and European governments have steadily been taking a much more muscular approach to supporting green industries.

Under the current European Commission president Ursula von der Leyen, the bloc has introduced measures such as quicker access to EU funds, simpler regulation and reducing energy costs.

Officials say some results have been encouraging. Chinese wind turbine makers have not made significant inroads into Europe, as feared. Denmark’s Vestas remains the largest wind turbine maker outside China.

“The EU’s decisive actions seem to have been effective in strengthening the use of turbines ‘Made in Europe,’” says Christoph Zipf, spokesman for the WindEurope trade group.

Yet even after the collapse of Northvolt, efforts to introduce Made in Europe rules setting targets for homegrown content have now had to be delayed due to opposition among EU members such as the Czech Republic, highlighting the difficulties of getting political consensus in such a diverse, democratic system.

In Washington, the Trump administration is rolling back many of the measures in predecessor Joe Biden’s flagship Inflation Reduction Act, leading to concerns that it is further eroding the US’s position as China exports more clean technology around the world.

“The world is moving towards a decarbonised economy,” says Andrew Light, who worked in both the Obama and Biden administrations.

Trump has also suspended new leases for offshore wind projects and blocked several projects, threatening an industry where the US could still lead the way in areas such as advanced nuclear technologies and geothermal energy, which shares techniques with oil fracking and thus has attracted attention from oil companies.

Birol at the IEA says Europe should now focus on areas where it can gain an edge, including electricity grid equipment such as electrical transformers and transmission equipment. “Europe has to pick its battles,” he says.

Additional reporting by Edward White and Martha Muir

The FT View



FINANCIAL TIMES

'Without fear and without favour'

ft.com/opinion

Opinion Technology

AI can't take responsibility for human faults

Ewan White



Stephen Bush

My French has reached an unhappy level: not good enough to be able to watch French television without subtitles, good enough to be annoyed by bad translations. These errors stick in my mind long after I have finished watching. Some of the choices made in the subtitles of Amazon's excellent *Baron Noir*, for example, are either the work of a very ancient computer or a very lazy human.

Then there are the translation choices I puzzle over, not because they are bad but because they are difficult. The brilliant comedy *Call My Agent!*, for example, features a moment in which Sofia, the agency's receptionist, asks one of the agents if they should use more informal "tu" pronouns: an exchange for which there is no literal translation. The translator opted for

not that machines can't make judgment calls — it's that inevitably these judgment calls will have consequences and someone needs to be able to defend those consequences. A machine can take on any number of things, but the one thing it can never take is responsibility.

Marring my enjoyment of an otherwise flawless French political drama is one thing — but what about the translation of an important transaction? People deserve a reasonable expectation that someone will take responsibility for consequential decisions.

Just because a computer can do it isn't the reason for any organisation, be it a company or a state, to shrug its shoulders and say that they have outsourced a tricky decision to a machine. The difficult legwork, maybe: but the ultimate decisions about what words to use, what decision to make, whether those decisions are large or small — these should always be made by a human being. It is corrosive to accountability and to people's control over their own lives if they don't have anyone they can complain to or seek redress from.

We see a more visceral example of this playing out on X right now, where the website's AI chatbot, Grok, has agreed to user requests to produce images of real people, including children, stripped of their clothing. But it isn't "Grok" who is degrading humans in this manner. It is individual people who are choosing to make the request and an individual platform that is choosing to host the chatbot and the images. These are decisions being made by individuals and they should be considered as such.

We can reasonably expect X to prevent Grok from doing this and we can expect the state to step in, as the British government is doing, if it does not. We shouldn't expect ChatGPT or any translation software to stop a translator from using it: the responsibility for a bad translation still ultimately rests on the person who signs off the finished work.

That is true whether the decisions are small — how to express sentiments that exist in one language in another that has no exact translation — or enormous and illegal, like producing sexualised images of another person without their consent. Machines cannot claim moral agency. Even if a human's role is just to come in at the end, tidy up the more difficult bits or adjudicate on properly knotty problems, they must accept responsibility for the outcome. Instead of being fobbed off with an uncertain answer and pointed towards a machine, we should all have the reassurance of knowing that in the end, we can seek restitution from or have gratitude for the work of a real person.

stephen.bush@ft.com

Trump's foolhardy assault on the Federal Reserve

Independence of US central bank is a vital anchor for the global financial system

For months Jay Powell has kept calm and carried on amid intense needling from Donald Trump to cut interest rates faster. On Sunday, after US prosecutors launched a criminal investigation into the Federal Reserve chair linked to a \$2.5bn refurbishment of the central bank's headquarters, Powell finally launched a direct accusation at the US president. The threat of criminal charges against him, he said, was all about whether the Fed could continue to set rates based on evidence or "by political pressure or intimidation". After a series of skirmishes, the White House has gone to war with the Fed.

It is possible that prosecutors have found inconsistencies in Powell's congressional testimony last year on the Fed's heavily over-budget renovations.

Trump has denied any involvement in the justice department's subpoenas. But he had recently suggested that the Fed chair might soon face a "lawsuit" for incompetence. Unless it is shown otherwise, much of the US financial and political establishment will assume the White House is using law enforcement agencies to undermine the Fed's independence.

Even after the shocks of the past year and Trump's repeated harassment of the Fed — including efforts to fire Lisa Cook, a governor, over alleged mortgage fraud — this is a serious moment. Powell, like any central bank head, can be accused of getting some policy decisions wrong. But that does not justify the US president taking a leaf out of the authoritarian's playbook in weaponising the criminal justice system against someone who refuses to do his bidding. Fed independence is not just a vital pillar of US economic governance but an anchor of the entire global financial system.

Powell's term as chair expires in May

and the president has been considering successors including Kevin Hassett, seen by markets as a Trump stooge. The latest move may aim to deter Powell from staying on as a Fed governor, enabling the White House to install another more biddable figure. Or it may simply reflect the president's retributive instincts.

Either way, these attacks are likely to be highly counter-productive. The latest episode could increase household and market inflation expectations. Bond investors are also likely to push up risk premia on long-term US debt. The result will be higher long-term interest rates — which influence US mortgage rates. In time, fears around Fed independence could mesh with worries around US debt sustainability and force rates higher still, in turn driving up global yields.

If the president manages to sway the Fed into excessive rate cuts, aided by a compliant chair and pressure on other committee members, inflation could

Powell said the threat of criminal charges against him was all about whether the bank could continue to set rates based on evidence or 'by political pressure or intimidation'

climb further. US economic growth is robust, and inflationary pressures from Trump's tariff policy remain a concern.

Though gold surged and the dollar and US stocks fell yesterday, markets reacted less severely than when Trump imposed his "liberation day" tariffs last year. Investors may be assuming the White House's legal cases will falter, or that there are enough voting Fed committee members to prevent an excessive loosening of policy.

They should not be too sanguine, and Wall Street should speak up. A significant market sell-off, an intervention from US Treasury secretary Scott Bessent, or Congress blocking Fed appointments might yet slow the president's assault. But with the latest attack, Powell is right: Trump has sent a strong signal to the next Fed chair — and to other rate-setters — that rate decisions made independently of his desires will not be tolerated. And when it comes to getting his way, legalities and convention are no barrier for this US president.

Letters

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EU bolsters the transatlantic bargain by doing more for itself

Martin Sandbu is right to argue that Europe's instinct to placate a transactional White House can become strategically self-defeating ("Europe should embrace the idea of going it alone", Opinion, [FT.com](#), January 11).

But "going it alone" should be seen less as a posture and more as an insurance policy: treating US reliability as a variable, and reducing the single-point dependencies that become leverage when US domestic politics shifts.

This begins with finance. Europe

does not need to replace the dollar to recognise that the heavy reliance on dollar funding, payments systems and extraterritorial financial tools is a strategic liability in a contested world.

The policy priority is clear: deepen and integrate euro capital markets, expand the supply of euro-denominated safe assets, and strengthen the EU's ability to fund its own security and industrial priorities in its own currency.

It also begins with technology.

Europe's digital economy runs on

infrastructure concentrated in the hands of a few non-European providers. That is not just a competition problem, it is an operational and jurisdictional risk. The answer is not protectionism, but enforceable exit options: portability, interoperability, procurement that rewards viable alternatives, and investment in European capacity where critical services depend on it.

And it begins with defence. Spending targets matter less than delivery: joint procurement at scale, European-owned

enablers, and an industrial base that can sustain capability even when Washington is unwilling, distracted or transactional.

None of this requires breaking the alliance. It means ending the habit of mistaking dependence for solidarity. The more Europe can do for itself, the more stable — and credible — the transatlantic bargain becomes.

Apostolos Thomadakis

Head of Research, European Capital Markets Institute, Centre for European Policy Studies, Brussels, Belgium

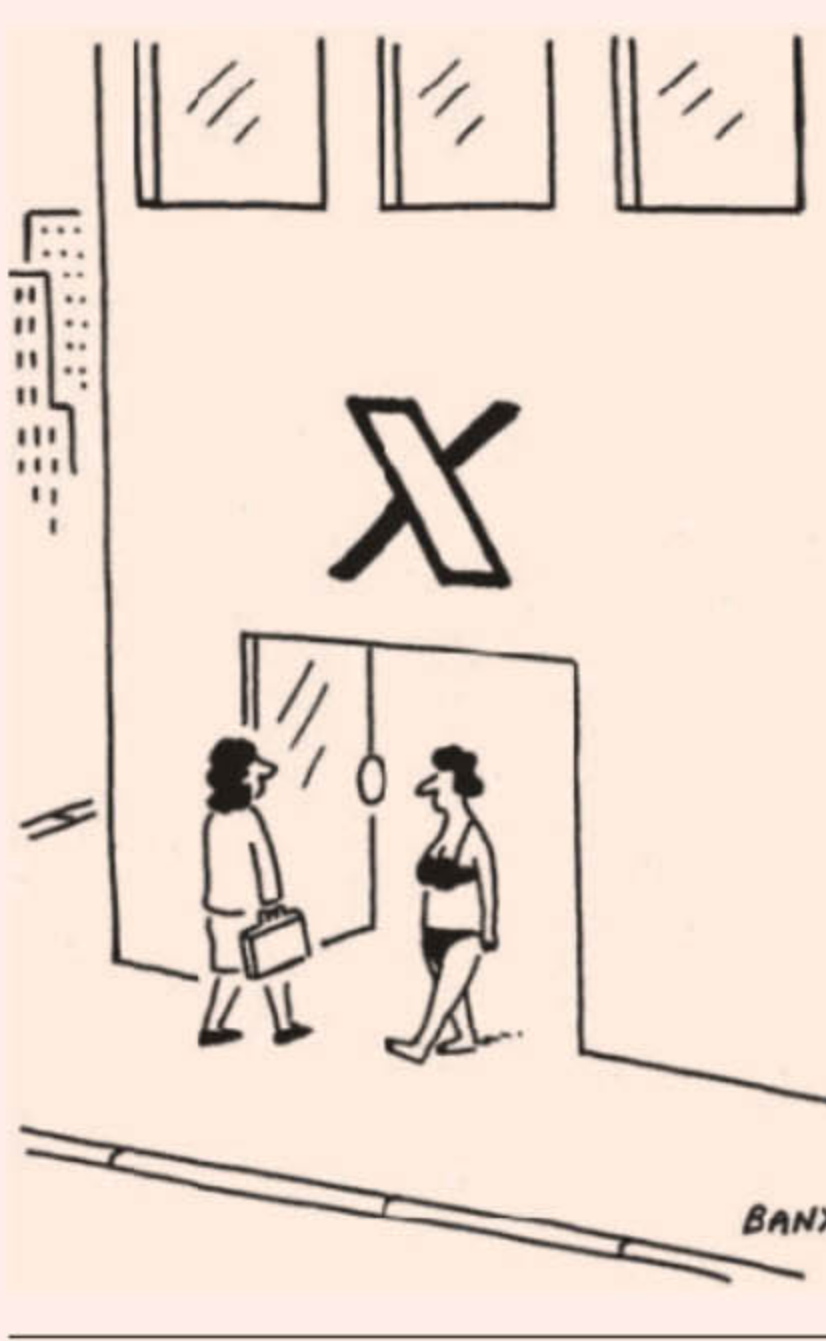
Obama's pivot to Asia. That was the wake-up call

Your columnist Martin Sandbu writes that "Europe should embrace the idea of going it alone" (Opinion, [FT.com](#), January 11). No, Europe must embrace the idea. The writing has been on the wall since Barack Obama's pivot to Asia. We have been living on borrowed time ever since.

Martin Westlake
Brussels, Belgium

Britain's security interest is inescapably European

What I find remarkable about Paul Marshall's Markets Insight piece on Brexit (December 19) is the way it ignores geopolitics. Britain cannot simply "align our trade with the fastest-growing regions of the world" without facing up to the hard political choices, especially as those regions include not just the US and India, but China and the Pacific neighbours that China regards as within its rightful sphere of influence. Britain's security, trade and values — centuries of history — underline that our primary security



interest, given our geography, is inescapably European. The interests of individual business sectors may, of course, diverge from this. But it is Britain's coherent overall national interest that should count.

Hugh Brodie
Cardiff, UK

Memo to Labour: housing

Robert Shrimley ("The logic of Labour's choices is inescapable", Opinion, November 7) tells Labour to lean in. The party can do better, but lacks self-confidence. Naively it thought house building would provide economic growth. Instead the industry is in a sulk about viability, which regularly happens, creating an ideal opportunity to reverse the traditional spatial and financial roles.

A 10-year tax holiday for houses built after the Budget, if sold or let by 2035 would restart the market, funded by residents' surcharge rate payments who live in council areas that miss their building targets. After 2035 councils take back spatial control of their areas to make homes affordable in the late 2030s. Affordable homes on the horizon; new infrastructure locations in councils' gift after 2035; investors will back it. Newly devolved councils will also be incentivised to take back local leadership. The New Towns Taskforce has just published its brief on how to do it.

Ian Campbell
London TW10, UK

How Vance's nativism jars with ideas of citizenship

Many thanks to Michael Strain ("The battle for the right's post-Trump future has begun", Opinion, FT Weekend, January 3) for insisting on the credal understanding of American citizenship and rooting his convictions in Catholic universalism.

GK Chesterton, a Catholic conservative more thoughtful than the US vice-president JD Vance, wrote in 1922 in *What I Saw in America* that the US was a nation with "the soul of a church".

Thomas Jefferson's Declaration of Independence, Chesterton insisted, established with "theological lucidity" that any person who shared its "creed" (sic) could be, or could become, an American.

I trust that principled persons of every persuasion — Jewish people, for example — who are constantly reminded of moral obligations to "strangers within the gates", will continue to reject Vance's pagan *Blut und Boden* (blood and soil) nativism.

Kate Auspitz
Somerville, MA, US

OUTLOOK AMERICA

Why the mega-rich are flocking to Washington



by Joe Miller

The banks of the Potomac River were largely undeveloped wilderness when the company that became wine merchants Berry Bros & Rudd was incorporated in London more than 325 years ago. The American capital that sprang up in its place, with its import duties, prohibition and lack of both rainmakers and tastemakers, was hardly a more inviting commercial prospect.

Yet Washington DC is where Berry Bros chose to open its first US branch, a glass-panelled corner shop mere steps away from the White House (and perilously close to the FT's bureau). Favourable local regulations for importers were a factor but, as Jamie Ritchie, the mild-mannered British Sotheby's alumnus opening Berry Bros' American arm, told me, DC's "wealthy community" was a big part of the draw.

A year ago, before I moved to Washington from New York, I would have mistaken Ritchie's rationale for sarcasm. DC's downtown is devoid of the opulence of Manhattan or Miami — a few jazz age hotels notwithstanding. Its city centre caters to the preferences, and wallets, of itinerant politicians and federal workers on tightly controlled salaries.

But as I have learnt on my weekend cycle trips through Washington's suburbs, venture just a couple of miles north or west from the White House in Pennsylvania Avenue and you'll see evidence of the real DC — the armies

of lawyers, defence contractors, consultants and lobbyists who make recession-resistant fortunes from interacting with one of the world's largest bureaucracies.

In no other major US metropolis will you find such uninterrupted vistas of wealth — neighbourhood upon neighbourhood of pristine colonial and Tudor revival homes, set back from tree-canopied lanes, punctuated only by the odd country club. Five of the 10 richest US counties are DC commuter-belt suburbs in Virginia and Maryland, according to census data from 2020.

President Donald Trump's proximity-dependent policymaking has prompted a fresh pilgrimage of elites to DC. Last spring, Meta's Mark Zuckerberg made the third-largest property purchase in the city's history, buying a \$23mn mansion in Woodland Normanstone, the most well-heeled of Washington neighbourhoods. He joined (part-time) billionaire residents Eric Schmidt and Jeff Skoll who have set up bases in the city since Trump won his first election.

It's not just the mega-rich who are descending on DC. Companies such as Netflix, Nvidia and OpenAI are expanding their presence in the city, no doubt mindful that regular facetime with the administration is something approaching a fiduciary duty in a country where closeness to the president can be the difference between punitive tariffs and generous government subsidies.

There are, of course, hazard lights

flashing on DC's dashboard, at least for the more modestly paid. Tens of thousands of federal workers were laid off by Elon Musk's former so-called Department of Government Efficiency and many have recently reached the end of their severance period. A report released by the Brookings Institution think-tank in September found unemployment in the metro area that encompasses DC was rising more than six times as fast as the rest of the US.

Yet those with skin in the game are bullish about the city's long-term prospects. Former AOL president Ted Leonsis, who championed DC long before Trump set his sights on the Oval Office, told me he believes Washington's "primordial soup" — the "concentration of diplomatic and economic decision makers" — will bring yet more growth to the area. Already the owner of the city's hockey and basketball teams, Leonsis is behind a plan to invest close to a billion dollars in renovating the arena in which they are housed, as part of a bigger bet on the downtown area.

Economists can better decipher whether Berry Bros' new US clientele share Leonsis's optimism about the future. Unlike European customers, they are mostly not purchasing Bordeaux *en primeur* wines to lay down. "[They ask] can I drink it now?", says Ritchie. "Our range here is heavily focused on having mature wines that are ready to drink."

joe.miller@ft.com

Opinion

The next Fed chair is . . . Donald Trump

MARKETS

Katie Martin



Unscheduled weekend statements from the Federal Reserve are, to put it mildly, not generally a good sign. In the past couple of decades, they have been rare, and have come only in response to dire emergencies: the collapses of Bear Stearns and then of Lehman Brothers in 2008, the Covid pandemic of 2020 and the failure of several US regional banks in 2023. On each occasion, the US central bank has scrambled together a statement to show leadership and action before markets open in response to a serious crisis. It is well worth viewing Sunday’s video from Fed chair Jay Powell through that lens. The Fed is under attack. This is not a drill. The news itself, that prosecutors have

opened a criminal investigation into Powell over renovations to Fed property, should not come as a huge surprise to those who have been paying attention to the increasingly tense relationship between the central bank and the new political regime. US President Donald Trump has long spoken in thuggish terms about Powell and the Fed chair’s reluctance to slash interest rates as fast as he would like. But name-calling has escalated to legal threats over the past few months. The only change now is that these threats appear to be crystallising, and that Powell is biting back. Trump himself denies any involvement in the Department of Justice investigation, and says it has nothing to do with the Fed’s rate policy. But no serious person believes any of this would have happened with a different president in the White House, just like the efforts to remove Fed governor Lisa Cook from her role, or the appointment of super-dovish Stephen Miran to the Fed’s rate-setting committee, or the ejection of Erika McEntarfer from the Bureau of Labor Statistics. (Her mistake,

seemingly, was to oversee the publication of less-than-sunny employment data.) For months, market participants have been obsessing over who will replace Powell when he is due to step aside in May. Which Kevin will be the new chair? Hasset or Warsh? How many slivers of percentage points would one be likely to cut rather than the other? Oh, the suspense! All the while, the risk of a profound reworking of the world’s most important financial institution has been bubbling up. We really do not need to talk about Kevin. The latest clear, bright sign that the new political masters in the US mean business when it comes to greater control over the Fed takes this further, however. The next Fed chair will, in every-

thing but name, be Donald Trump, with all the adventures in rate policy and regulatory supervision that entails. Good luck to us all. So, why are markets not freaking out? For one thing, markets specialists are still clinging to the hope that, somehow, this will all work out OK. Speaking at an event in London yesterday, just hours after the latest Fed drama, Jan Hatzius, chief economist at Goldman Sachs, stressed that US monetary policy is set by committee, not by just one person. “I have no doubt that [Powell] in his remaining term as chair will make sections based on the data,” Hatzius added. “My expectation again is that the committee will continue to make decisions on the back of their mandate and the economic data.” Hatzius may be right. The checks and balances really could kick in, and we should hope they do. Looking at Venezuela, Greenland and beyond, I am not so sure. We should be mindful, also, that markets professionals are straining every sinew to appear politically neutral and not to upset Trump. Finance bigwigs should be providing a full-throated

defence of Fed independence at this point, but don’t hold your breath. Second, remember that the big risk here is that the Fed lets the US economy, and inflation, run hot. All things equal, in the short term at least, that is positive for stocks, rather than negative. There’s no good reason for stocks to collapse on this news, and hence they have not. On bonds, sure, this is a horrible risk for the long term, but for now, with the US economy losing some momentum, some rate cuts are likely called for anyway. The new record-breaking ascent in the price of gold is the best measure of alarm we have for now. But this is clearly Trump’s market now. He wants to cap credit card rates, he wants to block certain companies from paying dividends to their shareholders, he wants to force US oil companies to extract oil from Venezuela that they don’t want. He expects companies to do his bidding. Next, he wants the Fed. We have to assume a large risk at this point that he’ll get it. katie.martin@ft.com

America’s president has long spoken about Powell’s reluctance to slash rates as fast as he would like

It’s time to think the unthinkable on Nato

GLOBAL AFFAIRS

Gideon Rachman



Gerardus Mercator may have a lot to answer for. He was the cartographer who, in the 16th century, drew up a world map as an aid for navigators. On the Mercator map, which magnifies the polar regions and is still widely used today, Greenland looks bigger than the whole of South America and roughly the size of Africa. In reality, both continents are many times larger. The deceptively enormous size of Greenland may have helped spark Donald Trump’s lust to take over the island. The US president once told interviewers: “I love maps. And I always said, ‘Look at the size of this, it’s massive, and that should be part of the United States.’” Denmark, which has sovereignty over the island, would happily give America all the military facilities it needs, as well as access to Greenland’s critical minerals. So there is no strategic case for US annexation. The president’s ego is driving this policy. Trump has talked threateningly of acquiring Greenland the easy way or “the more difficult way” – an unmistakable reference to using force. In response to American threats, Mette Frederiksen, the Danish prime minister,

has said that the annexation of Greenland would represent the end of the Nato alliance. Nicholas Burns, a former US ambassador to Nato, agrees that a US invasion “would destroy Nato”. Some European members of Nato would probably try to keep the alliance going, even if America did invade Greenland, reasoning that they still need US protection from Russia. But an alliance based on mutual defence could not survive one member attacking another. No US security guarantee to Europe would be worth anything after that. Even if some Europeans tried to cling to the wreckage of Nato, it would ultimately sink beneath the north Atlantic waves. The US government’s first preference is clearly to coerce the Danes into selling Greenland. But even that would represent an unprecedented act of aggression against an ally – which Nato would struggle to survive. Fortunately, despite Trump’s threats, we are still some way from the worst-case scenarios. Events in Iran and Venezuela could draw the White House’s attention away from Greenland. Leading Republicans have come out strongly against annexation. The Europeans are also talking about beefing up Nato’s presence in the Arctic. But, since Trump has made it very clear that he wants to own the island, that is unlikely to appease him. A more fruitful avenue for Europe would be to spell out – in public and private – what the end of Nato would mean for the US. The continued existence of



American military bases in Europe would immediately come into question. Some in Trump-world might welcome that, since they see the defence of Europe as a burden the US could do without. But bases like Ramstein in Germany are used for American power projection – including in the Middle East and Iran. A rupture in US security ties with Europe would also mean that the EU would no longer feel the need to respond passively to Trump’s tariffs. Counter-tariffs that matched America’s 15 per cent levy on Europe could be imposed. The arms sales to Europe that are so important to US defence manufacturers would also collapse as European countries become warier of using American products in their critical infrastructure. Silicon Valley’s tech giants could expect

to be taxed and regulated much more heavily. Consumer boycotts of US products, already common in Canada, could catch on in Europe – America’s largest overseas market. Enhanced US access to the Russian market would be scant compensation. The risks for European countries of a divorce from the US would clearly be very high. They would need to move fast to establish a new security pact to replace Nato. The countries that signed a joint letter supporting Denmark – Britain, France, Germany, Italy, Poland and Spain – could form the basis of that alliance, along with the Nordics. The EU and the UK combined have the wealth and population numbers to deter Russia. But it would cost a lot of money and might require painful steps – like the establishment of compulsory military service. America also has plenty of tools to make life uncomfortable for a post-Nato Europe. The Trump administration would certainly try to split the EU and to cultivate special partnerships with individual members. Those countries that

might take the bait – such as Hungary – would be faced with a choice between siding with the US or continued EU membership. Decades of transatlantic co-operation have also created economic dependencies that the US could exploit – weaponising everything from software updates to credit card access. Britain is particularly vulnerable because of the depth of its security ties with the US. The countries’ intelligence services are deeply intertwined. The British nuclear deterrent uses American software and missiles. BAE Systems, Britain’s largest defence company, sells more to the US than to the UK. Many in the British establishment therefore regard the end of Nato as simply unthinkable. It would certainly be unprecedented and dangerous – not just for Britain, but also for Europe and the US itself. But unprecedented and dangerous things have happened frequently in history. Sadly, when it comes to Nato, it is time to start thinking about the unthinkable. gideon.rachman@ft.com

The alliance would struggle to survive an act of aggression by the US against an ally

When robots meet commercial reality

EMPLOYMENT

Sarah O'Connor



The ChatGPT moment for general robotics is just around the corner,” Nvidia’s Jensen Huang said in January last year. This January he said the ChatGPT moment for physical AI was “nearly here”. ChatGPT was the fastest-growing consumer app in history, according to a report from UBS, reaching 100mn monthly active users within two months of launch. If that sort of explosive adoption is what Huang meant by a “ChatGPT moment” then I think we have much longer to wait. There have, of course, been advances in the deployment of robotics over the past year, not least the steady and impressive progress of self-driving cars. But there have also been some retreats.

US supermarket chain Kroger, for example, announced in November it would close three of its eight robotic warehouses, which pick and dispatch orders to customers. At the same time, it said it was expanding its relationship with gig economy companies like Instacart and DoorDash, which marshal self-employed humans to act as “personal shoppers” for customers. It’s tempting to ask who needs automation when you can just have a low-paid gig worker nip to the shops for you. Although that’s not entirely fair, the story does offer an insight into what happens when robots meet commercial realities. First, while “adopting” generative AI as a business can be as quick and simple as paying a monthly subscription to OpenAI or Anthropic, implementing robotic systems generally requires planning, time and money. The Kroger warehouses (powered by technology from UK company Ocado) required huge amounts of expensive kit. In a low-margin business like groceries, that means you need to forecast demand very accurately in order to maximise utilisation.

“It’s a bit more like a factory set-up: it needs to have minimum throughput to make money,” Tom Andersson, a warehouse automation expert at research company STIQ, told me. “In the end, you need to have a really good business case for why you do automation, and when you do those business cases – because sometimes these projects can take three years in the planning – if your forecast is wrong at that point it will be tricky.” That is not to say that automation in the grocery sector is a non-starter. The business case for Ocado’s automated warehouses in the densely populated UK, for instance, seems to stack up better. In the Netherlands, an online grocery company called Picnic has made headway with a similar approach. And

plenty of supermarket chains have invested in automation further up the supply chain. Walmart has increased revenues by more than \$150bn over the past five years, yet its headcount has come down slightly over the same period. It is still a vast employer, though, with more than 2mn staff on its books. Robot enthusiasts believe a new breed of humanoid robots will make further inroads into physical work. One of the great advantages of building robots that look like humans is that – in theory – you can slot them seamlessly into workplaces that are already built for humans. That could make the deployment of robots more gradual and flexible, and less of an enormous upfront bet. But even if humanoids do achieve human-level capabilities this year, as Huang predicts, there will still be practical problems for businesses to consider. First, to deploy AI-powered humanoid robots alongside humans, you need to be confident they are safe. In a white-collar setting, a hallucinating chatbot might make up a number or reference and damage your reputation or your bottom line. In a blue-collar setting, a

malfunctioning humanoid could be physically dangerous. Second, humanoid and canine robots just don’t have much stamina for now, because of limitations with battery technology. As James Pikul, associate professor of mechanical engineering at the University of Wisconsin-Madison has written, the Boston Dynamics robot Spot can only operate for about 90 minutes before it needs to recharge. In comparison, it is common for human staff in factories and warehouses to work 10-hour shifts with a couple of breaks. What does all this add up to? There is every reason to believe that automation will continue to increase in a range of physical settings. But technologists and investors should take care not to conflate technical breakthroughs with commensurate transformations of the real economy. As Kroger’s retreat shows, just because a technology exists and works does not mean it will always be commercial to deploy it. In other words, the fact a job *can* be automated doesn’t necessarily mean it *will* be automated. sarah.oconnor@ft.com

Ugandans must not allow another stolen election

Bobi Wine

Uganda’s January 15 election carries all the outward rituals of democracy, but almost none of its substance. Like our neighbours in Tanzania discovered last October, regimes that have held power for decades do not rely on the will of the people to remain in office; they rely on the machinery of manipulation, coercion and fear. Unless Ugandans and the international community shine a bright light on that machinery, the same pattern will repeat itself here. The system our rulers have built cannot survive openness or competition. They know that in a genuinely free election they would be held accountable for decades of economic mismanagement. They know that in a fair economy, where opportunity depends on merit rather than patronage, they would no longer be guaranteed access to the wealth they have accumulated through state power. Rigging elections and manipulating institutions are not just political strategies – they are the means through which the regime protects its economic interests. Rigging in Uganda is not a single act. It is not a moment in a tally centre when a figure is altered or a result is switched. Rigging is a system, from the laws that restrict opposition campaigns, to the security forces that disperse our rallies, to the manipulation of voter registers, to the tampering with declaration forms. Entire constituencies were flooded with military and police units whose purpose is not to protect citizens, but to intimidate them. We have seen the Elec-

This is a government that has repeatedly shown that when cornered, it turns to force

toral Commission operate not as an independent referee, but as an extension of the ruling party’s command structure, refusing to hold security forces accountable even when evidence of misconduct is overwhelming. During the 2021 elections, dozens of Ugandans were killed, hundreds were abducted or disappeared. Journalists were beaten and entire districts turned into militarised zones while results forms were altered, tally sheets hidden and the nation forced to accept numbers that bore no resemblance to reality. Our people voted, and then watched as their votes were stolen. The signs we are seeing in run-up to the 2026 poll suggest the same pattern – only worse. Already, our opposition rallies have been violently broken up. My colleagues have been beaten, injured or detained. Supporters have been arrested simply for wearing our colours. Meanwhile, the ruling party’s recent internal primaries descended into chaos and more than 210 official losers are now standing as independents. This is not the behaviour of a confident movement; it is the sign of a regime struggling to hold itself together. That fragmentation makes the government more paranoid and more brittle. Uganda’s rulers no longer fear losing an election; they fear losing control. If the election is again marred by fraud and manipulation, the regime is likely to silence criticism once again. This is a government that has repeatedly shown that when cornered, it turns to force. And in a moment when its own internal cohesion is weakening, and its leadership is preoccupied with succession, the likelihood of overreaction is higher than ever. Yet there is still hope. First, Ugandans must remain committed to peaceful, democratic change. Second, the world must pay attention. The more visible the process is, the harder it becomes for wrongdoing to hide in the shadows. Third, the truth must be exposed. Every incident of intimidation, every misuse of security forces, every attempt to interfere with the vote must be documented. History shows that even powerful regimes fall when citizens stand together and when the world refuses to look away. Our future will not be determined by the regime’s fears, but by the people’s courage. Uganda deserves a peaceful transition, not another stolen election. *Bobi Wine is the stage name of Robert Kyagulanyi, a presidential candidate in Uganda*

US defence groups’ generous buybacks are an easy target

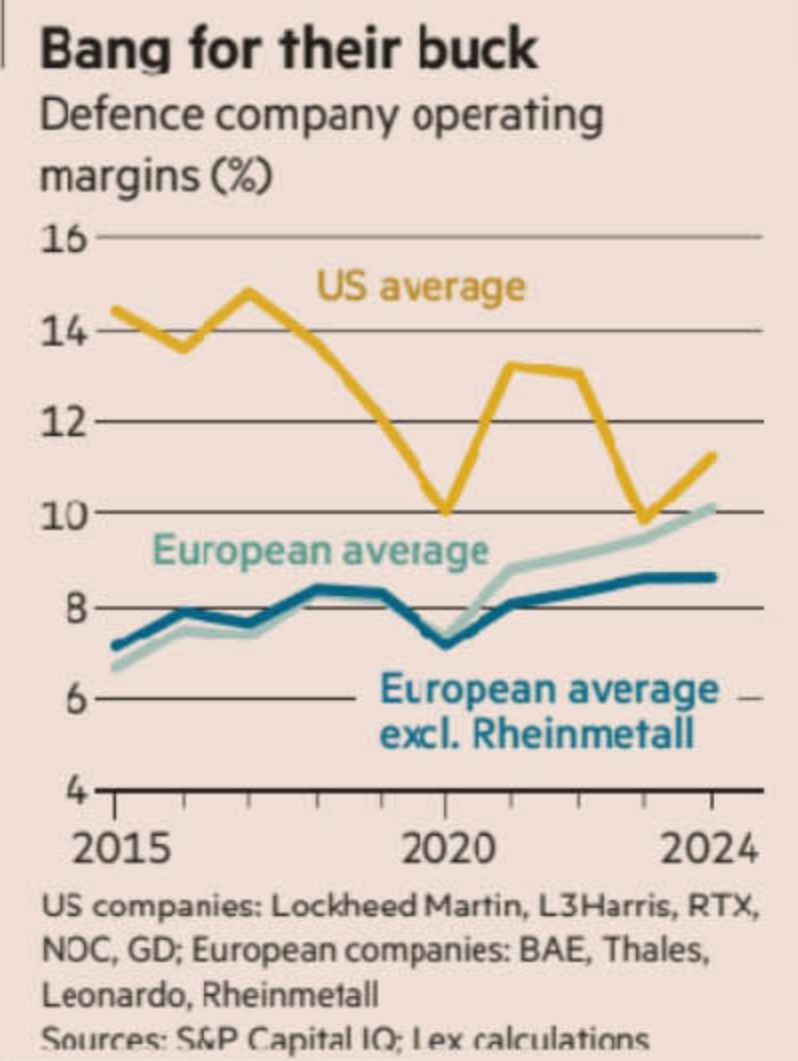


Donald Trump is not a man to give something away without getting something back. Hence, the US president’s call for a 50 per cent increase in the country’s military budget next year, to \$1.5tn, comes with a stern warning to underperforming defence contractors to rein in their generosity to shareholders and executives.

Curbing private companies’ ability to pay dividends, buy back stock and remunerate their senior employees may horrify those who believe in the power of free markets. But, for his latest squeeze, Trump seems to have identified a target with some juice.

Taken as a group, big US defence companies are more profitable than their European rivals. On average, in the decade to 2024, the operating margins of Lockheed Martin, Northrop Grumman, General Dynamics, RTX and L3Harris were well above 12 per cent. By contrast, Europe’s BAE Systems, Thales, Leonardo and Rheinmetall barely managed to get above 8 per cent.

There are various reasons for this gap – including that US defence contractors have been busy for the past 10 years, while Europe’s military spending slowed to a trickle. The two sets of companies have started to converge, and Rheinmetall in



particular benefits from German rearmament.

But, for a monopsonistic buyer like the US Department of Defense, that profitability must look like an opportunity in disguise. So must a look at where the companies have chosen to deploy their cash.

Over the decade to 2024, US companies’ capex was equivalent to about a quarter of their cash flow from operations, Lex calculations using S&P Capital IQ numbers say. Shareholder returns, in the form of dividends and share buybacks, were more than three times greater than these investments. In Europe, meanwhile, capex was about half of cash flow from operations.

And they returned to shareholders, mostly through dividends rather than share buybacks, only about half as much as they invested.

How companies deploy their war chests is their own choice in normal times. Should the aim be to get better pricing or faster deliveries, there may also be more market-friendly ways to achieve it than via executive order.

But Trump’s push underscores the fact that defence is an odd sector: for larger, more sophisticated products, there is often only one seller and one buyer. That is a recipe for friction.

But an alliance is probably more productive than a tug of war.

Improvements at M&S mean it could serve up something fresh in 2026

Being good and being loved are not the same. For a while, Marks and Spencer was neither. The UK retailer has spent much of the 21st century trying to rediscover its purpose, beset by miscellaneous competitors and calamities. Last week, M&S showed that it does, after all, deserve a place in investors’ baskets.

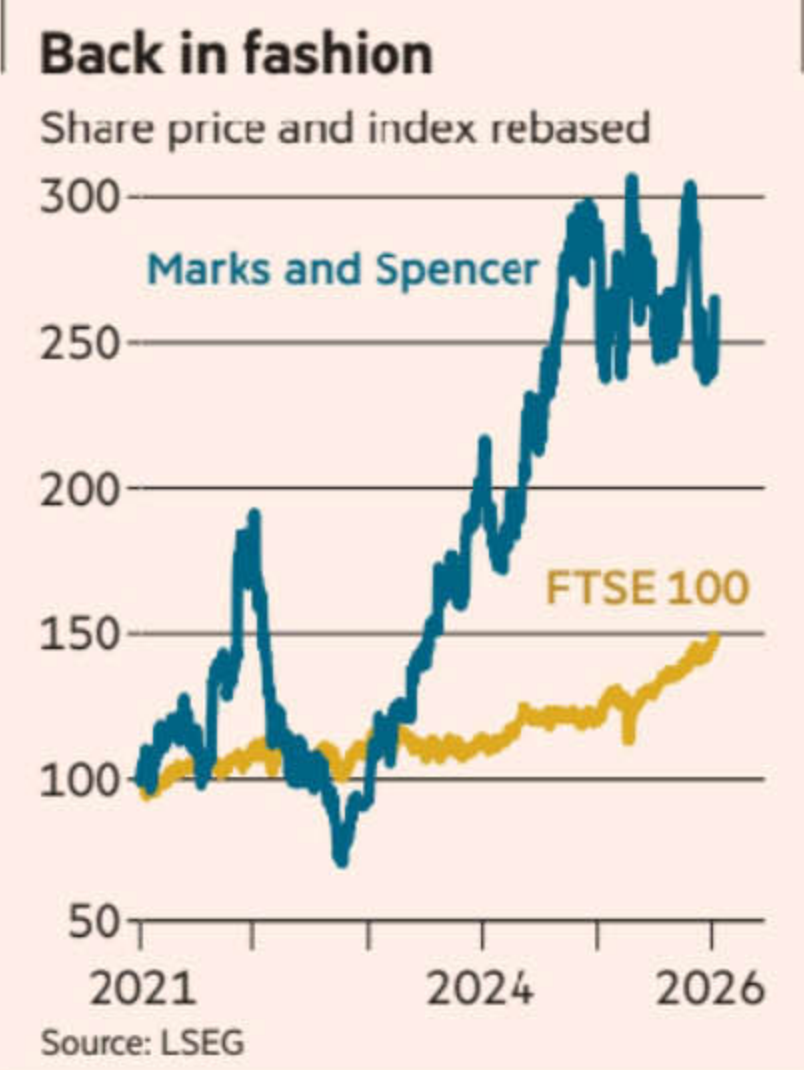
Food sales at M&S rose 5.6 per cent over the 13 weeks that include Christmas, on a same-store basis. While less than analysts expected, that was enough to push its market share to 4 per cent for the first time. Tesco’s UK like-for-like sales grew 3.7 per cent, while J Sainsbury posted a 5.4 per cent rise in grocery sales.

Even keeping up with the pack is impressive considering how adrift M&S has seemed at times. Chief executive Stuart Machin has been fielding the damage from a cyber attack last April that dented clothing sales into late 2025, left M&S with excess stock and, it expects, will cost it £300mn.

But Machin was already wrestling with a challenging comeback. Between 2014 and 2024, M&S lost a fifth of its UK clothing market share, while rivals gained ground.

M&S’s fall from the FTSE 100 in 2019 would have seemed unthinkable in its mid-2000s glory days. The company’s market value slid from more than £12bn in 2007 to less than £2bn by 2020, LSEG data shows.

The improvements have been subtle



but effective. In food, M&S brought prices down, shifted from convenience to more conventional meal planning and refreshed ranges more often.

Analysts at Berenberg reckon M&S might reach, and sustain, 8 per cent year-on-year growth.

Clothing followed, with fewer ranges and better ones. About 80 per cent of clothing now sells at full price, up from 63 per cent pre-pandemic, while time spent holding stock in inventory has fallen from 18 weeks to 11. In the five years to 2024, M&S had gained 1.4 percentage points of market share, Berenberg’s Apparel Price Survey says.

It is not like there is a simple way to restore M&S to its former lustre.

The company, which at its peak made up 1 per cent of the FTSE 100 by market capitalisation and today makes up 0.3 per cent, now faces off against everyone from the mighty Tesco and Next to Chinese fast-fashion retailers such as Shein and US juggernaut Amazon.

Still, the high-street chain starts 2026 with just enough in its favour. The shares trade at 12 times estimated forward earnings, S&P Capital IQ says, about 1.5 times where they were just after Machin became chief in 2022.

That is reasonably close to Next at about 15 times, and not bad for a brand that once seemed permanently past its sell-by date.

Pirelli looks for help to back out of a Chinese investment cul-de-sac

Attracting wealthy investors can be a challenge for companies and governments who are facing tough times. But when those investors are from China, showing them the door later can prove even harder.

Pirelli, the Italian tyre maker, sought succour from Chinese chemicals maker Sinochem a decade ago.

Chinese entities were voracious buyers then, spending not far off \$700bn on outbound M&A between 2016 and 2021, Dealogic says. Roughly a third of that was in Europe.

In some cases, that money comes with even more strings than first thought. From March, the US will ban Chinese-backed hardware and



software that interacts with cars. That is potentially a problem for Pirelli, whose tyres are no longer mere rounds of rubber but tools for harvesting data, likely to get even smarter as cars go fully autonomous.

With 20 per cent of its revenue coming from the US, Pirelli has good reason to decouple its capital ties with China. Sinochem holds a 34 per cent stake. But without a willing seller, doing so is a challenge.

There are workarounds, potentially. Golden-share style options that give the state a final veto are more backstop than solution. Rome does have the power to suspend Sinochem’s voting rights, although it’s not clear that this would pacify US authorities. The Dutch government dusted off an old piece of legislation to take control of Chinese-owned chipmaker Nexperia.

On the private side, finding buyers will be tough. Pirelli’s market capitalisation of €6.7bn is less than the €7.1bn that Sinochem’s purchase valued it at a decade ago. Its operating margin is less than 2 percentage points higher since then, although the global workforce has been pruned by a fifth.

Once, Chinese buyers boasted attractions beyond the size of their cheques. Access to a huge, fast-growing market, for example. Since they often had little overlap with the companies they were buying, antitrust risk was slight. Swiss agritech group Syngenta sold itself to Sinochem after rejecting US peer Monsanto for example.

Selling big stakes in the open market is also problematic. Even divesting part of its 34 per cent stake in Pirelli on the market would drive down the price, especially since at 10.6 times forward

earnings, according to LSEG, it already trades at a slight premium to fellow tyre makers Michelin of France and Germany’s Continental.

That leaves the traditional buyers of last resort: governments. Oil-rich Middle Eastern states have cash to spend, and are still welcome in the US.

Pirelli already has a joint venture with Saudi Arabia’s sovereign fund. But if all else fails, it might even fall to Pirelli’s home country to find a solution to this pressing China challenge.

Trump hits banks where it really hurts: their credit card divisions

Big US banks hoped that Donald Trump would help them make ever bigger profit. Now he is going after the best part of their business.

The US president vowed on Friday to cap credit card interest rates at 10 per cent, less than half where they sit now.

Synchrony, which issues cards for Amazon, among others, boasted a 25 per cent return on equity in its latest quarter, even factoring in allowances for credit losses equivalent to about 10 per cent of its loan balances.

Synchrony’s shares fell more than 8 per cent yesterday.

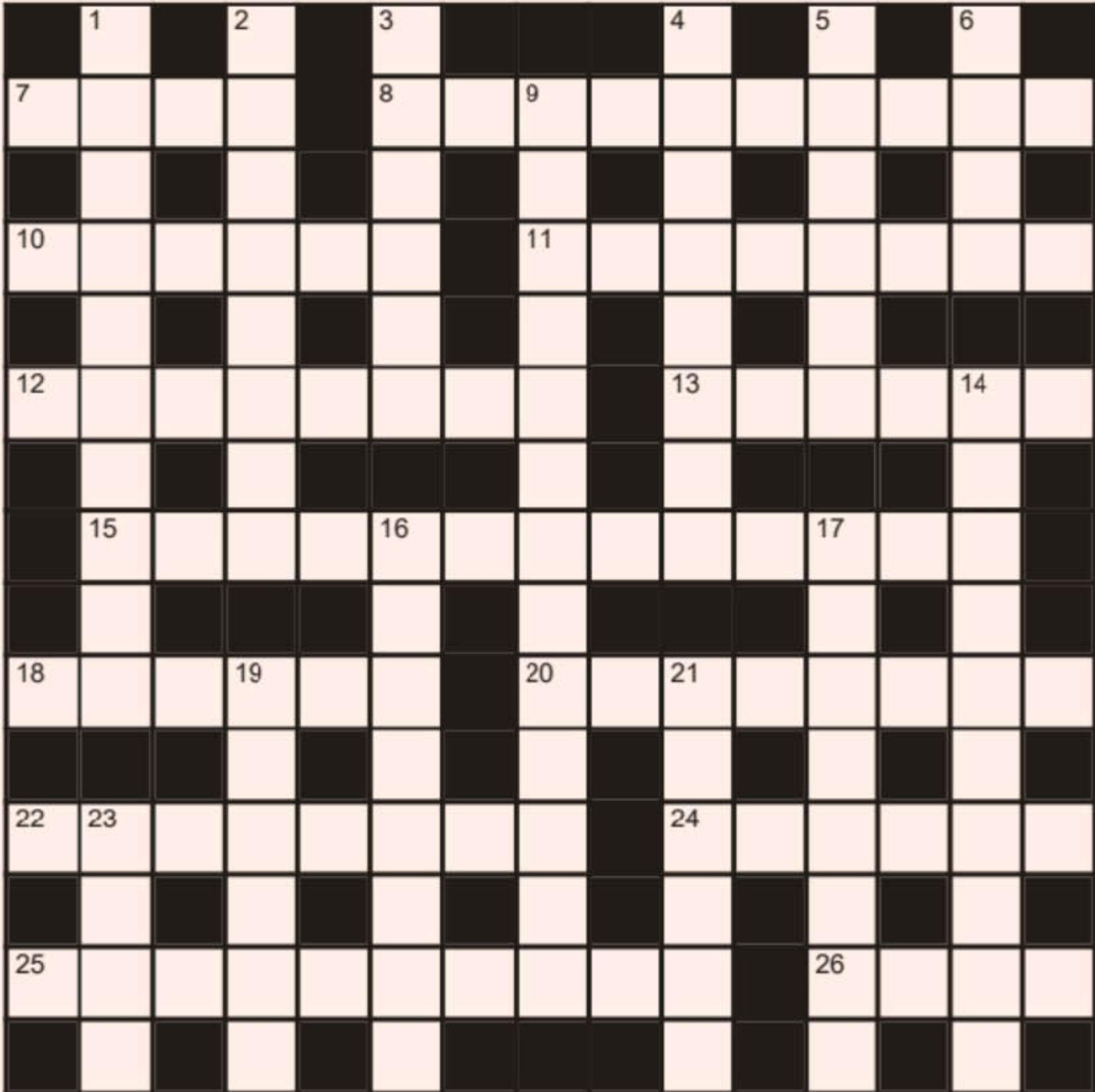
Banks argue these generous margins are essential for offering revolving, unsecured credit. Without these elevated rates, lenders could withdraw from the market, “devastating” working families.

While banks are right to chase profit and eschew excessive risk, credit cards are unlikely to lose their charm. New York Fed researchers last year found that card issuers achieved an unlevered return on assets approaching 7 per cent, more than 4 times banks’ overall profitability. Private credit firms snapped up 14 times more consumer debt last year than in 2024, suggesting unsecured lending to US households remains attractive.

Trump’s missive may be more signal than actual policy. Lobbyists will go into overdrive to soften the blow. And abruptly pulling credit available would indeed be calamitous for many low-income households. But at least banks now face pressure to defend their most expensive and profitable products.

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CROSSWORD No 18,266 by SLORMGORM



Solution 18,265



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JOTTER PAD

ACROSS

- 7 After drinking last of red, regret being offensive (4)
- 8 Woman deftly spinning yarn murdered coarse tune (10)
- 10 My back of thighs during exercises will get stiff (6)
- 11 Stupid bishop leaves without having had a shower (8)
- 12 Round on board of a single, double and triple port (8)
- 13 Way to break into flipping concrete food store (6)
- 15 One measuring speed of wind cruel oafs beat up (8,5)
- 18 Drink and meth leads to total eventual addiction (3,3)
- 20 Making love with prisoner? Ultimately inapt I admitted! (8)
- 22 I haven't a clue if marchese appears in disguise (6,2)
- 24 Horse fed bit of nourishment by you to get this? (6)
- 25 Tory about to punch hot goods vendor in summit? (10)
- 26 Treaties lacking the power to get things done (4)

DOWN

- 1 Wildly euphoric about old Britain as some Brexiteers? (10)
- 2 Beastly type of revolutionary? Rubbish parent mostly! (3,5)
- 3 Brother on drugs atop church displays buttocks (6)
- 4 Topless undies worn by liberals in holiday spots (8)
- 5 One marketing room in house on the radio (6)
- 6 Does gear American carries save ensign at front? (4)
- 9 Roaring epic novel written about queen in Homer? (7,6)
- 14 Those who might cross runners in race tee lot off (10)
- 16 Getting to grips with dance at last, old men will get down (8)
- 17 European artist upset by abruptly servile knight (8)
- 19 Menu little Barney goes over assessing rustic starters (8)
- 21 A warning possibly issued by Aspen in Fall? (6)
- 23 God is annoyed, having to show up (4)*

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